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# West Europe Report

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10 April 1986

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## EC, AFRICAN STATES DEMAND CHANGE IN SOUTH AFRICAN POLICIES

Munich SUEDEDEUTSCHE ZEITUNG in German 6 Feb 86 p 8

[Unattributed Article: "'Border Countries' and the European Community are in Agreement. For a Common Approach against South Africa/Intervention in Namibia Condemned"]

[Text] At the close of a two-day conference in Lusaka, the EC Commission and the so-called African Border States have agreed upon a common approach against South Africa. The twelve participating states called on South Africa to unconditionally lift apartheid and to begin talks with the leaders of the black freedom movement.

In a final joint communique, the conference participants underlined the significance of sustained international pressure on the South African government. The foreign ministers of the states bordering on South Africa - Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe - and the foreign ministers or their representatives from the twelve EC states all took part in the conference. The 18 countries presented a five-point plan in a communique which covered the following demands in detail: lifting the state of emergency in South Africa, recognition of outlawed political parties - such as the African National Congress and the Pan-African Congress -, the release of Nelson Mandela, the release of all political prisoners and the beginning of talks between the South African government and all the political leaders, including the arrested blacks of the country.

In addition, the conference participants condemned South Africa's intervention in Namibia (Southwest Africa). They rejected South Africa's offer to pull its troops out and to give the land independence, since South Africa made that dependent upon withdrawal of Cuban troops out of Angola. The international pressure on South Africa is supposed to promote the beginning of talks with the black leaders, said the Netherlands Foreign Minister and EC President Hans van den Broek. Such a pressure should, however, allow the South Africans the possibility of determining their own future.

The British Foreign Minister defended the beginning of the first official contacts between the British government and the ANC. The talks took place on Monday (3 Feb 86) outside the meeting in Lusaka between the EC and the countries in the southern Africa area. The deputy state secretary in the

British Foreign Ministry, John Johnson, met with four representatives of the ANC.

According to reports by the British Foreign Minister, Johnson stated the British opposition to the use of force in South Africa. In addition, it stated that Great Britain asked the ANC for support for a Commonwealth initiative for the elimination of apartheid.

13071

CSO 3620/592

## GROWING GREEK INDIFFERENCE TO NATIONAL ISSUE LAMENTED

Nicosia I SIMERINI in Greek 20 Feb 86 p 1

[Excerpts] Beyond the repeated statements of "an identity of views" and "unanimity" (which are belied, however, by dry realities), there is an all-consuming cancer which we are unsuccessfully attempting to set aside. It is the rift between the two sides of Hellenism. Once upon a time, the differences were limited to the relations between leaders and governments. Hypocrisy in the relations between Greece and Cyprus is a repugnant story that has been going on for decades and that would require several volumes to be described, even in an elementary way... We Cypriots are regrettably familiar with the explosive high points and the abysmal lows of Greece-Cyprus relations.

However, something different is happening right now, something accursed: argumentation and doubt have been transferred to the level of the people and public opinion. Let us not try to hide realities and to deceive ourselves. Greeks and Greek Cypriots are like opponents in a bullfight. Where can one begin and where can one end? Is it not symptomatic that Greeks in Cyprus have founded a union to protect their interests and push their demands? And is it not revealing that the view increasingly heard in Greece is "enough, we cannot stand the Cypriots any longer," or "Cypriots, you have already cost Greece a lot"?

Let us be more specific... Only recently K. Tsatsos, former president of the Greek Republic, stated to the Athens newspaper MESIMVRINI: "Who refers to Cyprus and who is interested in Cyprus any longer? Words and statements are only hypocrisy." Again, well-known newsman and former PASOK member Giorgis Massavetas wrote sadly in the ELEVTHEROTIPIA newspaper that the Cyprus issue has become anti-commercial in the Athens press and that the moment a newspaper mentions it, it sees its circulation drop! This is, then, the situation: openly, Cyprus will be the victim of certain Greek initiatives and the island's martyrdom will be knelt to by the national soul, tears will fill the eyes, hands will tremble when wreaths are laid. And secretly, in the behind-the-scene politics and in the Athens salons, Cyprus will be considered the exploiter! And the Cypriots will be seen as the irksome exploiters, the pariahs and those excluded from the national ambient!

But here, to our last breath, we shall proclaim the vital need to destroy the cancer of the many-sided and "multi-dimensional" division, both in Greece and in Cyprus. The highest national goals demand everyone's dedication....

/7358

CSO: 3521/105



## PRIVATE KOBLENZ BUSINESS COLLEGE SELECTS, TRAINS RIGOROUSLY

Munich SUEDEDEUTSCHE ZEITUNG in German 11 Feb 86 p 19

[Article by Klaus Gertoberens: "Practitioners with the Marshall's Baton in the Schoolbag. The Koblenz Private University for Business Administration Relies on Business-related Training."]

[Text] For the approximately three million students which will leave the 190 German colleges and universities by the year 2000, approximately 1.7 million of the traditional work places are missing, according to the calculations of the German Employers Society. Already, today in the USA not even half of the newly graduated academicians find the work for which they were trained. In the tough competitive battle of the white-collar workers, the first private business school (in the FRG), which is located in Koblenz, believes it provides its graduates with the better professional ability along the way. "The University for Business through Business" (advertisement) does not just teach from the lecture hall about the ties between theory and practice.

"No pass without money, and no money without a pass" - the president of the Koblenz Chamber of Industry and Commerce, Hanno Ludwig, feels reminded of this Catch-22 when he speaks about the distressing problem of finances at the Private University for Business Administration of Koblenz. He is embittered because the big businesses and business societies apparently want to wait and see how the experiment of a private university, which began in 1984, will work out. The previously established endowment of DM 6 million was donated mostly by smaller- and medium-sized companies from the Koblenz area. In order to meet the annual operating expenses of DM 2.5 million with interest earned from the endowment, as originally planned, DM 17 million must be added to the account.

## High Karat Faculty

"Where science becomes practice" is the slogan under which 80 students are being trained in eight semesters to become degreed businessmen. In order to justify this claim, the young team of professors has developed a pioneer spirit which is rooted with a (necessary) trace of fanaticism. The 34 year old president Wolfgang Koenig and his predecessor, the marketing professor Soenke Albers (37) should be followed by three more colleagues as soon as possible. 35 high karat assistant professors stand at the side of this team,



and much value is placed on their "practical qualification." There is special pride in the "quality density," which is already symbolized by the founding school board. Their names read like a compendium of the science of business administration: Albach, Fels, Gaugler, Mertens, Rose and Wildemann. According to university president Koenig, there is confidence that the quality of the scholarly personnel is a guarantee for success.

The private school wants to remain small but exclusive. In the building stage, a maximum of 360 students should be selected for "performance-oriented leadership personalities with elite pretensions," as it states in the founding brochure. In addition, they are given a difficult tour of duty: the teaching facilities resemble much more a Prussian cadet school rather than a republican university. Keywords: mandatory attendance, school hour-plans, constant performance evaluation, "guaranteed" weekly load of 60 hours, and finally one month of vacation per year.

Therefore, peak motivation power is necessary and demanded. It is already provided by a rigid selection process for the student applicants. High school final exam (Abitur) grades above 3.0 are required, as are business courses or at least three months of practical business experience. In addition, there are written tests in English and French, which go way beyond the common school usage. Along with their academic ability, the youths are supposed to prove that they are in position to apply their intellectual abilities in business. The task of filtering out these qualifications has been given to the Institute for Test- and Aptitude Research of the Study Foundation of the German People. Group discussions, individual interviews and 15 minute talks are evaluated by external specialists.

DM 5000 per Semester

He who clears these hurdles with bravado must, in addition, be prepared to hand over DM 5000 tuition per semester. That does, however, allow 20 percent of the places for applicants who do not have sufficient financial means available. The fact that a business administration school of the American mold charges tuition is vigorously defended and used as a "model" in beginning discussion. It is mentioned that education is not a "free" commodity. It is not understood why the population in general should finance the universities, when their work only benefits a select few.

The logical conclusion to this consideration: the expenses for a degree should come from the private sector and should tax the ones who benefit from it, which are of course the students and private business. "A certain consideration," so it says in an information leaflet, "for the individual obligation to provide for one's own future could at the same time contribute to financial relief for the State and thereby send an unmistakeable political signal."

In return for this ordeal, an "integrated foreign study course" is offered. Two semesters at the University of Buckingham and the Ecole Supérieure de Commerce des Lyon are worked into the total course of study. Flexibility and openness, requirements for international-oriented businessmen, should fall on fertile ground. Also, increasing sensitiveness for differences increases

adaptability. The graduates should be able to negotiate in three languages. Aversion to foreign stays should be taken away from them. In addition, the future proprietors of business are already being prepared for business practice during their schooling. In each school year, this experience must be entrenched through an obligatory three months of practical work.

#### Student Positions Donated

Such an elite training still cannot be a free ticket to a management position. Nevertheless, the demands of the Koblenz concept do come from business. For that reason, it is a wonder that more financially sound firms do not acknowledge this practice-oriented alternative to the national university operation. The acute financial needs are only now being alleviated by a new "money acquisition model": since last Summer, 24 student positions have been "donated." Firms have pledged DM 30,000 annually for each position. The school managers are practicing university marketing as survival training.

13071

CSO 3620/578

## FOREIGN MINISTRY OFFICIAL: POLICY LINE ON HUMAN RIGHTS STABLE

Helsinki HELSINGIN SANOMAT in Finnish 5 Mar 86 p 6

[News article: "Tornudd: the Basic Essence of the Human Rights Line Have Not Changed. Jakobson Backs Moderation in the Name of Credibility"]

[Text] Political Assistant State Secretary Klaus Tornudd of the Foreign Ministry denied that Finland's official foreign policy line had changed in relation to human rights.

In the discussion held Tuesday evening at the Paasikivi Society Tornudd admitted that it is easy to charge the foreign policy leadership with failing to take a position on human rights.

The former general manager of the Elinkeinoelama board, Max Jakobson, who delivered a prepared response to Tornudd's presentation, expressed his view that deviating from consistency in human rights policy should remain within the bounds of moderation; otherwise foreign policy credibility is deceptive.

Jakobson warned against falling into human rights populism at the expense of a foreign policy based on national interests. He had looked for signs of changes in Finland's human rights line in the speeches of foreign policy leaders, including Tornudd.

## Finland Too Voted against Measures

Tornudd did not consider human rights as one of the central foreign policy questions, although for him personally they constitute a subject close to his heart. He noted that in various countries there are conflicting concepts of the order of priority of human rights and that the international agreements touching on them are open to interpretation. Even Finland has voted against some points in agreements or presented reservations to them.

Tornudd considered it in the national interest to strive to have the same human rights values as in Finland and the United Nations respected in other countries. Finland too has been ill treated by fortune on the human rights front; for example, the renewal of a preliminary study of a treaty provision about which Finland previously made a reservation was in part the fruit of international agreements.

In Tornudd's opinion clear behavior models cannot be found for applying human

rights policy, but rather all countries are to a certain extent inconsistent.

Tornudd emphasized that human rights are a part of international security in which nations are not simply ends in themselves or black boxes.

According to Tornudd the emergence of human rights in Finnish foreign policy did not derive from the fact that the line had changed in its "fundamental nature." Further causes of the emergence were, for example, the CSCE Final Act and the UN Convention on Human Rights, both of which date from the mid-1970's.

#### "Not Ideologically Neutral"

Jakobson considers the starting point for Finland's official human rights policy to be its geopolitical location, which does not, however, prevent holding onto its own values. "Finland is not ideologically neutral," he remarked.

In Jakobson's opinion sharpness in human rights could harm relations between Finland and the Soviet Union. Hence Finland is reserved in cases that are considered violations of human rights in Western Europe.

Jakobson urged the foreign policy leadership to display moderation in human rights violations "in other directions too" and to remain moderate in deviating from consistency.

Finland's possibilities for influencing the behavior of others were rated low by Jakobson. He regarded temperance in human rights matters to be not only politically appropriate but also morally justified.

The expectation for bearing responsibility directed at the media in Jakobson's opinion does not promote the suppression of critical judgment but impartiality and objectivity.

Jakobson remarked that previously media responsibility was used to mean resisting Soviet occurrences. Now he saw antagonism to America in some media.

12893

CSO: 3617/82

## PAPER HITS VAYRYNEN FOR URGING SELF CENSORSHIP IN SCHOLARSHIP

Helsinki HELSINGIN SANOMAT in Finnish 3 Mar 86 p 2

[Editorial: "Vayrynen's Self-defense"]

[Text] Machiavelli's teachings guide the conduct of foreign policy in all countries in accordance with the best efforts of those responsible for it. The bit of wisdom voiced by Foreign Minister Paavo Vayrynen at the Historical Society discussion on Thursday certainly qualifies for the conduct of Finland's foreign policy: "It is not always appropriate from the standpoint of the country's interests to say everything that one knows."

The foreign minister extended the sage advice to apply to scholars of the history of foreign policy too. According to his guidelines an appropriate defense of national interests should be built into the mind of every patriotic Finn, including historians. As a methodological guideline the foreign minister suggested: "Sources only respond to questions that are put to them."

In the minister's advice policy governs research. In practice it leads to disseminating and confirming erroneous information as facts, as the cases of the Swedish schoolbooks that became public a few weeks ago show. Foreign Minister Vayrynen lays the blame for the errors in question - where else - on the shoulders of the Swedish newspapers. But who originally gave such incomplete and misleading information on Finnish foreign policy to the Swedish papers?

Of course the study of foreign policy serves the conduct of today's policy, but this does not mean that the facts of history are changed or covered up in the name of present day relations. Any fact that is hidden in the name of the national interest leads astray and can turn out to be costly on the day when it finally is revealed, for example in the archives of other countries.

The Finnish government is very thin-skinned in fostering the principle of secrecy. This is manifested among other things in an eagerness to extend the period for keeping archives secret. One should not find fault with history - nor should the whole nation be burdened with topical secrecy obligations based on foreign policy inferences, even in the name of "real patriotism."

12893

CSO: 3617/82



## NEW DECISIONS ON LABOR LAWS REPORTED

## Work Week Length

Paris LE MONDE in French 8 February 86 p 28

[Article by Anne Chaussebourg]

[Text] The study of the bill modifying labor laws and related to the collective negotiation on the adjustment of the work week, which began Tuesday 28 January in the Senate, came to an end at dawn of Friday 7 February. A "shortened" version was adopted by 222 to 93 votes (PS, PC).

Faced with the obstacles used by the communist deputies, at the end of a week of debates in the National Assembly, Mr Laurent Fabius had resorted to Article 49, Paragraph 3, of the Constitution in order to pass the bill without a vote last 11 December. Since it did not have the same possibility in the Senate, the government could only count on the good will of the opposition to avoid endless discussions. Accused by the government and the socialists of "collusion" with the Communist Party, the opposition, which is in majority in the Senate, was anxious to be cleared of this suspicion. The choice of passivity made by the minority in opposition at the Palais Bourbon in order to emphasize the differences between socialists and communists, if followed by the Senate, would have resulted in the blockage of the bill as hoped for by the PC. This choice also exposed the Senate majority to the reproach of letting disintegrate "the wise image of the High Assembly."

Added to these two reasons--unwillingness to cooperate with the PC and professed "wisdom"--is the determination of Jean-Pierre Fourcade. The President of the Commission of Social Affairs hoped that the opposition would acknowledge the necessity of not deadlocking on the question of work week length. Even if he does not share the government's opinion regarding methods, the former minister appeared convinced of the validity of the opposition's remarks on this subject. Deep down, his proposal of another project--which is not quite similar to the government's platform signed by the RPR and the UDF--has not incited a tremendous enthusiasm in his friends in the Senate majority. But nothing has been undertaken by the Centrists or the RPR to block his way.

Mr Fourcade's best support has been the president of the Senate. Alain Poher played a major role in the uncompromising application of the rules. It was thus that 254 amendments (out of the 389 proposed by the communist senators,



who, in the course of debate, abandoned 9 of them) and 22 subamendments declared unacceptable were dropped and were not presented during this session. It was thus that the interruptions of sessions demanded by these same communists were granted sparingly. The PC considered this maneuver "an on-going attack" against the rights of Parliament. Mrs Helene Luc, president of the Communist Group, sent an official letter to Daniel Mayer, president of the Constitutional Council. The rules on the application of the law--certainly more flexible than those of the National Assembly--allowed the Senate majority and the socialists to prove that a minority group cannot block the parliamentary machinery. This is a precedent.

All that remains is the rest of this extraordinary session of Parliament. The joint commission, (CMP) which will convene Wednesday 12 February, will discuss the version of the bill approved by the Senate majority and the Leftist Radicals. To put it another way, they will discuss only two out of the seven points of the text as it has left the National Assembly: on one hand, the possibility of using judicial precedents created by the Supreme Court of Appeal's decision on the issue of making up hours lost because of "extra days off"; on the other hand, the right for firms (and not for sectors as the government wished) to negotiate agreements together with compensations which would not exactly equal to a reduction of the work week (this reduction constitutes one of the objectives sought by the government to permit the creation of jobs).

If it leads to the re-establishment of the text considered as adopted at the first reading in the National Assembly without any concessions made according to the hopes of the Senate Commission of Social Affairs, a failure of the CMP would risk complicating the government's task for a new examination of the bill in the Senate, scheduled for 18 February. The government has already decided to appeal to the duty of responsibility given by law to the General Assembly as soon as February 13th.

#### Modernization Unanimously Supported

Paris LE MONDE in French 8 Feb 86 p 28

[Article by Michel Noblecourt]

[Text] Social consensus, which is difficult to perceive in the public statements of business or labor leaders, or in the important negotiations between social partners, is sometimes found where one least expects it. In the framework of the General Commissariat of the Plan, the industrial strategy group (GSI)--where representatives from labor, business, and the government all work together--"modernization of processing industries" presented to the press on 6 February a report which highlighted "areas of agreement" or "mobilization convergences," according to the formula of Pierre Louis Marger, president of the GSI and member of the Executive Commission of the UGICT-CGT [General Union of Engineers, Administrative Personnel, and Technicians-General Confederation of Labor] on the basis of the modernization of processing industries.

Without idealizing these convergences at a time when the present debate on flexibility reveals deep splits, it is nevertheless of interest that, "following in-depth debates and a review of experiences," the representatives from the

CGT, the CFTD [French Democratic Confederation of Labor], the FO [Workers Force], the CFTC [French Confederation of Christian Workers], the CGC [General Confederation of Managerial Personnel], the CNPF [National Council of French Employees], the PME [Small and Medium-Size Businesses], and of public powers should have "drawn the outline of a common vision of what the industrial firm of tomorrow" could be. Without wanting to define an "obligatory and unique program" of modernization, the GSI arrived at a common approach focused directly on two points of agreement: modernization must be "a continuous and all-encompassing process," proceeding from a "reflection on products and markets," it must rest on "the existence of an effective dialogue within the firms."

Presented as the "permanent rule of the game of survival and of industrial development," modernization presupposes an adaptation of the production processes with a permanent search for productivity and an objective of "total quality." "Over-all," the report notes, "production tools must be able to react rapidly and reliably. This capability does not depend only on its equipment, but, in great part, on its organization and its men. In this respect, an organization of labor broken down into individual operations and a compartmentation between the functions would be less and less suited to deal with these problems." To take advantage of "the most specific assets of the firm," its work force, the GSI recommends "motivating the men" and wishes "a common search for solutions, if possible internally, when there is a risk of a loss of jobs."

As a result of this, there is a body of thirty-nine proposals--of which only three were not approved by an organization, namely the FO--dealing with the firms' cultural environment and of their openness to the outside. Some proposals seem obvious, but carry more weight when they are formulated by all the social partners. Thus, "internal and external mobility in the firm is such as to enrich the experience of the salaried employees concerned and in so doing to benefit their firms." The GSI advocates "restoring" the assumption by the firms of moving costs--an award for mobility--that had been abolished.

The report gives great importance to dialogue at all levels: "the firm committee must first of all be a place of debate (...): it is clear that an understanding by all of the firm's strategies and of its prospects, and listening to the reactions and proposals of its personnel and of trade union organizations, constitute a good prerequisite, favorable to a discussion of modernization methods." "Negotiated guarantees, at least on the collective and individual consultation procedures," the elaboration of training and job movement plans must therefore accompany the "directing outline for modernization."

As for the costs of modernization, they must, for the most part be borne by the firms themselves, since public assistance must be preceded by a consultation of personnel representatives and be "conditioned by the existence of a complete and coherent plan, that could even be based on the cost of the plan." "A search for waste" is also recommended, as well as a "follow up" of the modernization, both by management and salaried employees, as well as by trade unions. The implications on employment are not referred to very much. But Mr Marger can note quietly that there is "a minimum consensus that is nevertheless relatively high." And rather rare...

13140/7051  
CSO: 3519/125

## ROCARD DISCUSSES POLITICAL CAREER, VIEWS

Paris LE DEBAT in French Jan-Mar 86 pp 4-50

[Interview with Michel Rocard by Francois Furet; date and place not given]

[Text] [Question] What have been the basic experiences in your political life? One immediately thinks, of course, of the PSU [Unified Socialist Party]. But before that?

[Answer] The war, naturally. For me, it played an entirely determining role. My father was in the Resistance. He was out of France for a period of a year and a half. We got news of him through coded messages via Radio London. Small child that I was, I felt great pride in his commitment.

Then came the liberation. I was 16 years old in 1946. In other words I had entered into adolescence and into public life. I saw then an immense hope flowering, in part, but not solely, because of proportional representation. I thus came into public life at a time when the pertinent choices, after having been all black and white, could in the future only be gray. This was a central lesson for me. Then there was the war in Algeria, and it was only after that, in terms of major experiences, that the PSU, and then the CFDT, had a very marked effect on me. But I must say that I joined the SFIO in 1949, and it was within the framework of this great mansion, which was on the decline, in light of its conduct with regard to the war in Algeria, that the basis of my political orientation was formed. Even in the PSU, I only deepened, continued and honed this foundation.

[Question] Did you never experience the communist temptation?

[Answer] Absolutely never. When as a second-year student at the Institute of Political Studies in Paris, I joined the socialist students and the SFIO, I was almost the only one among this whole crowd of politicized people of my generation, the boys and girls who were 15 years old in 1945, to make this choice. Two thirds of those of my comrades who were involved in that era turned toward the communist world. In one of two ways--direct membership or as followers of the Movement for Peace, or as signatories of the Stockholm Appeal. This is a list which includes the name of my old political science comrade, Jacques Chirac. I was already more cautious. And then a small contingent joined what was called the action center of the independent left,

which was to become the Leftist Socialist Union, from which I felt alienated by its categorical rejection of small organizations. My first reflexes included two rejections--of the communist world and of the world of small organizations.

[Question] You have just mentioned Jacques Chirac. Were you close to him?

[Answer] Very. For 3 years we were together in the political science course. He did me the kindness of appearing frequently at the meetings which the socialist political science students were openly urged to attend. At the time, I was also studying in the Faculty of Law, where I met Jean-Marie Le Pen as president of the law students body. There then ensued a harsh intellectual, physical and judicial battle which lasted a year and a half. This was a year and a half of trade-union militancy which forced me to think about the problem of force and violence in politics very early.

[Question] What had the greatest weight for you in these first involvements? Your education? Do you come from a Protestant background?

[Answer] My father was an agnostic in a Catholic family. My mother is the daughter of a republican teacher, and all of her family members, as well as she, were baptized. But my mother became a Protestant, and my sister and I are Protestants thanks to my mother's choice, in a familial ocean of cousins who are all Catholics, on both sides.

[Question] Is this something which has been important to you?

[Answer] Very important. This is the training which marked me the most. The mechanisms of cultural training which survived during the occupation were not very numerous. It was probably the churches which remained the firmest then. During the occupation, the school system could not provide much philosophical training, if I can call it that. I was very strongly marked there, and for a considerable time, because I was a youth movement instructor, and it was that, I believe, which led me into public life. It was that which dictated the way in which I derived conclusions from the fury I shared with others of my generation in the face of the hopes so quickly dashed by the liberation, by the way in which the preceding generation behaved. For I also very soon nurtured a stubborn anger against the people who come into politics as dilettantes, to obtain honor and dignity from their participation in high-level conversations at the Cafe du Commerce, while abstaining from any commitment and keeping their hands clean and their time free. This attitude, to state matters plainly, very soon seemed to me both understandable and ineffective. This is, moreover, why my commitment was initially more to the trade unions than to politics.

[Question] No communist temptation, then. And was there not the slightest attraction to Gaullism either?

[Answer] I have told you how I experienced the war with fascination, through my father, in terms of the Free-French effort. In 1945, I was at 15 an entirely committed Gaullist. I even went with my mother, a little later, to a Gaullist gathering at which Malraux presided, at the Winter Stadium. But I



very soon realized intuitively that the General did not fully understand the social concerns of the people. And on the other side, I must have been one of the first, at the time I passed my baccalaureate, in 1947, to read Kravchenko. His book "I Chose Freedom" was like an electric shock for me. It still affects me, and I still regard it, moreover, as a great book. I am not sure that there has been much written since that was better, excluding, perhaps, Solzhenitsyn. Perhaps it was this book which definitively separated me from communism. The fact is that since 1947 and 1948, I have never ceased to work to disprove a statement by Malraux which exasperated me: "There is nothing between the communists and us." I wanted there to be something else between the communists and them.

[Question] This gives you an original political profile. Although you had family links with the Resistance, you were not involved in the two political products of it, Gaullism and communism. And what has remained in your life of Protestantism--a faith or a tradition?

[Answer] A tradition.

[Question] Are you an agnostic?

[Answer] Yes. But I must add that while being an agnostic, I have retained a friendship with and loyalty not only to the men but also the institution of the Reformed Church of France, which merits respect. Its current president is one of my friends, and I count many of its pastors among them too. I remain greatly attached to a tradition which contributed to giving me freedom of thought and which taught me ethical rigor. In the midst of the great uncertainties in political life, this is useful equipment to have.

[Question] Have you read Marx?

[Answer] I have not read all of Marx, it is a fact. But I believe I can say that I am among those political leaders who have dealt with the Marxist faction and who have had occasion to engage in philosophical and political explanations with its members, and thus one of those who knows it best. I have read Marx, the "Manifesto," of course, and all of the so-called "journalistic" works, which are more closely reasoned since they are synthetic, "18 Brumaire," and "The Class Struggle in France."

[Question] What about "Das Kapital"?

[Answer] The first volume. But I have also read "The Critique of Political Economy," that long-concealed work which includes such astonishing pages ...

[Question] But through all of this reading, did you not develop a profound understanding of Marxism?

[Answer] The Marxist culture has gone so far afield that one can no longer refer to it without feeling obliged, or almost, to make excuses to the public for having intellectual commerce with what seems to be responsible for the Gulag, 50 million civilians dead, and an inefficient totalitarian system which doesn't even feed its people. Profound involvement? Relatively

speaking, yes. For my part, I have taken the controversies within Marxism and the workers movement, and in particular that dividing Bernstein from Kautsky, very seriously. When we were political science students with some pretensions to being intelligent and educated, we did not conceive of our clash with our communist comrades as limited to the short-term tactical choices. As a result, it was indeed necessary to go deeper and explain ourselves. We did that. I remember having organized a seminar in Glenan, which infuriated the supervisors, at which we went sailing during the day--that was allowed-- and contemplated this vast confrontation every evening, not only to explain ourselves to and on the subject of the Marxists, but also in connection with Marxist deviation as a state philosophy. Our tragedy was that Kautsky won out tactically over Bernstein, while Bernstein was right. It was from Kautsky that Lenin, Mao Zedong and their followers derived. Now, short of these battles, one finds a Marx opposed to the state, a Marx opposed to bureaucracy.

[Question] Both things are found in Marx. One can find a social democratic Marx, and one can find a Bolshevik Marx.

[Answer] Yes, except in order to have a Bolshevik Marx, one would need the decisive step he never took--in other words, acceptance of the mediation of the state apparatus, to give birth to history. And there one must indeed admit that this cannot be found in Marx. These problems may seem farfetched, but in my eyes, they still have real importance. I continue to think that in its development today, the international socialist movement is timorous, in that it is incapable of producing an exigent critical reading of its own history. It seems to me that a true social democratic or democratic socialist movement which is master of its own history, spirit and philosophy, requires as a foundation a serious explanation of Marxism as church and as an institution.

[Question] How do you regard the experience of the PSU, in retrospect?

[Answer] As an oddity, as a series of contradictions. The conditions of its birth were already peculiar. The PSU was born in April 1960, and it was born in fact out of the collapse of the Fourth Republic. At the point of departure was the split at the congress of the SFIO in September 1958. The initial decision was made by Alain Savary. It was he who, all alone, broke away first. He was soon followed by about 15 parliamentarians, including Edouard Depreux, and probably 10,000 party members. For administrative reasons, I was not physically present at the congress (I had been sent to Algeria 10 days previously). But I was the political secretary responsible for maintaining the minority file, under the distinguished authority of Edouard Depreux. Thus I was at the heart of the mechanism. The decision to break with the SFIO was the product both of long-standing impatience and a temporary anger. The long-term impatience had to do with the refusal of the leadership to consider a political union of the left. The anger had to do with the attitude of the main party leader. We in the minority in the SFIO had a very strong conviction that nothing would be feasible in France unless there were a union of the left. This is a very important point. From that moment on, I had clearly in mind the principle which would be the basis of my meeting with Francois Mitterrand, and my entry into the PS in 1974--in fact, my homecoming. As national secretary of the students in the SFIO, I had already pursued a



policy leading in that direction. I had oriented them along the line of united action with the communist students, a policy I pursued by successive steps in the only sectors where the apparatus gave the student organization relative autonomy, which were international action and trade-union action. In 1958, we were not at all procommunist, and we were in fact very demanding about rejection of communism, but all of us had in mind that it was indeed necessary to ensure cooperation not only with the communist voters, but also with the communist trade-union forces, in order to get this country moving. We no longer had the impression that a strategic deepening of the split, as sought by Guy Mollet, would cause a weakening of our own strength. The sociological intuition that democracy is a toxic atmosphere for communism was in our minds from that time on, and we developed it experimentally, in particular in the trade-union sector. Then came the war in Algeria and the action of Robert Lacoste. I will omit the comments which that might inspire. Our dignity was wounded, as men and as party members. Finally, there was the trip made by Guy Mollet to Colombey to find de Gaulle, and the ignorance of the dangers of a constitution tailored by an officer thought to be a follower of Maurras--people were not really sure that de Gaulle was any kind of great liberal.

[Question] Did you see the Gaullist movement as a danger to freedom, in 1958?

[Answer] Yes, but I remember, all the same, that de Gaulle had reestablished the republic after the liberation. Moreover, I had been put out by the indecent nature of some of the methods used by people in the left-wing against the General, and even scandalized by the hypocrisy of some of the outcries from people whose conduct belied the concerns they voiced.

[Question] How do you see the development of the PSU during the Fifth Republic?

[Answer] The PSU was born, then, of a break with the SFIO, in September 1958, and the merger, after a year and a half of debate, of this fragment which had split off with the Leftist Socialist Union, which itself was the product of three successive mergers of small groups and the few men in the Tribune of Communism. What was at stake was ambiguous. What was put in the common pot was first of all the will to oppose the war in Algeria. This was the only clear thing. Beyond that, the intentions remained vague, and the search to find the best approach for bringing about the union of the left was to be very difficult. I have a long-standing argument with my friend Jean Poperen in this regard. He was so desirous of a return to a union of the left in which, utilizing intermediaries, the PSU could facilitate dialogue with the PC-SFIO, that he did not believe this dialogue should be encumbered with ideological substitutions which would be unacceptable to the Communist Party. I, on the other hand, belonged to those groups which, under the aegis of Gilles Martinet, thought that in order to plant the seeds of the union of the left, an opportunity for it needed to be created by introducing new themes, either in the realm of reflection and political proposition, or in the realm of militant political or trade-union action. The whole aspect of modern economic reflection, and also the whole aspect of decentralization, etc., derived from this. These discussions were at the origin of the chaotic nature of life in the PSU, which became ridiculous due to the multiplicity of its factions. The

PSU was the crucible in which all of the traditions of the French left wing, and I mean all, were found in the pure state. Now no one, either inside or outside, took the trouble to undertake this basic sociological analysis, and this aggravated matters greatly. And of course the process of settling was difficult. The situation was clarified in 1967 when I became national secretary, on the basis of a simple venture which came down, basically, to this: The PSU, a small organization but one serving as an independent research laboratory seeking a renewal of the left wing, hoped to elect a maximum number of deputies in connection with the negotiations with the large parties, in view of our intellectual contribution. Then came May 1968, which destroyed everything, completely redealt the cards and delayed this effort for 10 years.

[Question] That is your total assessment of 1968?

[Answer] No, of course not. May 1968 only affected the political organizations, in an almost indirect fashion. Everything possible has been said about May 1968. It was a strange antibureaucratic explosion which was born in the university sector but which took on its full historic dimensions only because it was taken up by the labor world. In relation to this movement, the main thrust of the government political forces was blocked by the refusal to understand that the new demands changed the traditional game. We in the PSU not only tried to understand, and not only felt solidarity with the challenge of the apparatus, but since we had numerous members involved in the movement, we made an effort to guarantee the public expression of its goals, and also to bring our full weight to bear to avoid the outbreak of violence. In May of 1968 I was secretary general of the largest organization involved in the movement. My clear view of the fact that the movement had neither the need nor the ability to take over the national levers of command was complete from the beginning. In this senseless deployment wherein no one any longer had control of anything, my sole concern was that the movement remain nonviolent--no deaths. I think I can say that a good portion of the people who might potentially have agreed with the choice of violent action in France were in the PSU, in May 1968 and shortly afterwards. And we sensed this. I knew very well where the danger lay. At the end of 1968 and in 1969, I was able to make and impose the decision to hold, in April of 1969, a congress on violence in history. A whole mass of people who might have created French versions of the Baader gang or the Red Brigades found themselves led into participation in seminars on violence in history, from which it emerged that violence by the workers has only been effective historically when it was defensive, and that there has never been an instance in which offensive violence by the workers failed to fall into ridicule, with negative, and most often totalitarian, results. In the fact that the events of May 1968 developed without a single death, the role played by a great prefect of police weighed heavily. But I can say, perhaps immodestly, that the role of the two or three conscientious individuals who were in command of what could be commanded, which is to say not very much, also made a decisive contribution. And matters did not stop there. The leftist phenomenon followed. The Trotskyites and the Maoists did not count for very much in the events of May 1968. They did not succeed in imposing their arguments. But afterwards! What an explosion of language! We had a phase of insane,

intolerable leftism, during which I, as secretary general of PSU, went from national council to national council to deal with the most urgent problems. Basically, that I survived was a miracle.

The effort to achieve the intellectual reconquest of all of this nebulous phenomenon was a delicate and decisive matter. What I would like to say on this subject is simply this: If the events of May 1968 were not followed in France by a transition to "violence as the midwife of history," as happened in Italy or in Germany, this was not entirely an accident. By contributing to the creation of the intellectual political conditions for a deliberate rejection of violence in the Italian or German style by those or a part of those who might have been involved in France, I feel that I rendered a certain service to my country. The price for me was a strange image of that period. I do not think I need to regret it. Moreover, 1968 revealed with cruel clarity the total absence of any social roots for the official leftist apparatus, beginning with the SFIO, which continued to be known as such within the Federation of the Democratic and Socialist Left (FGDS), which was created a short time previously, but which was nothing but a superstructure. In all of the somewhat active circles, there was nothing but mistrust of these institutions, which seemed doomed. This was the reason for the extreme difficulty in making it understood that it was from this sector, nonetheless, that the important thing would come. I can still hear the jeers in the hall when I told the PSU congress which was held 15 days after the Epinay congress: "You know, something which might well prove extremely important has just happened in Epinay." No one understood. This was why I was unable to return to the PS with a large number of members until 1974. My conviction about the inability of small organizations to grow had developed much earlier.

[Question] Does the concept of a second left wing still have meaning for you?

[Answer] The "second left" was dead as of the day it was given that name. This was a serious error, for which I bear some responsibility, moreover, since I spoke of "two cultures" during the congress in Nantes at the beginning of 1977. There is a left wing in France, and it could not be more diverse in its traditions. But to speak of a "second left" is to blend in one's memory people as far apart as Rene Billieres and Jacques Duclos. This "given name" created a chasm where the entire problem was one of bridges and mergers, which in fact came about, moreover, when everyone --the official institutional left--had realized that in view of the challenge of social welfare, the challenge of unemployment, the challenge of creating jobs, it was necessary to respond through microsocial actions at least as much, and probably more, than in terms of state intervention exclusively. Put in another way, the problem was not so much one of two cultures as it was one of two eras. For faith in intervention by the state was shared as much by the social democrats, indeed a part of the right wing, as by the communists. This so-called "second left" is, so to speak, intellectually in power. But the problems involving tools and feasibility remain wholly unsolved. It is there that the new complex of problems exists today.

[Question] Let us move on, if you will, to an assessment of the socialist administration of the country. Perhaps we could begin with the economic policy, which is your field, par excellence.

[Answer] Things began rather badly, for reasons which date far back and which have to do with the concept of the economy which was implicit in the joint program. In 1972, the determination of Waldeck Rochet culminated in the process of the signing of the joint program. Where did this theme of union of the left come from, since it had previously been stubbornly rejected not only by the SFIO, but by the trade-union structures on which it relied, as well? This was not the product of the political structures, but of the French voters, in their evident rejection of the "cartel of naysayers." As of these 1962 elections, the Political Bureau of the PCF realized this, at the same time as two individuals, Francois Mitterrand and Raymond Barillon, did. The latter, in long columns in LE MONDE, was to accustom France to the political culture which would result therefrom, that of the republican discipline which had become the Union of the Left. It was under these conditions that Waldeck Rochet issued the Champigny Manifesto. It was to take advantage of this opportunity that there was immediately, when the SFIO was won over by the newcomers, Francois Mitterrand in particular, a positive response to the reference to the Union of the Left. Negotiations went very quickly, with this attitude. My analysis of this situation is that the importance of the ideological sacrifice made to the PC by the PS in 1972, in its manner of thinking, particularly economic and monetary thinking, was a determining factor, and, I would add, to a great extent useless. We are sufficiently familiar with the PC to know that as of the time it made the tactical determination to encourage the Union of the Left, it was ready to sign any number of things, with, as its ulterior motive, the assumption that it would gobble up these mediocre social democrats, who were incapable of discipline, cohesion, and even, in the view of the PC, loyalty to their own cause. Thus stronger ideological resistance was perfectly possible. As of that time the die was practically cast. We were faced with thinking favoring redistribution but unaccompanied by equally well-thought-out plans as to the method and manner of action, thinking focused almost exclusively on the state apparatus as the tool for realizing the hopes of the socialists, with the illusion of hidden treasure everywhere--in the state budget, in the fortunes of the employers, and above all, the lack in this whole business of any active undertaking. This was the reason for the terrible handicap the left wing had with this baggage regarding the regime. The 110 proposals of Francois Mitterrand as a candidate 8 years later were, fortunately, to be less excessive in many sectors, but they could not fail to show traces of this attitude.

[Question] Is that what you tried to make clear at the congress in Metz? It must be said that your strategy was not easy to understand at that time. Why this sermon, why not carry your candidacy through to its end?

[Answer] In fact, I took the risk in Metz of challenging the orientation, by saying: "This is not a serious approach. You are promising too much. What are the facts in the situation? We are going into the elections with a good chance of winning, but with a very unrealistic program. Under these conditions, if the first secretary prefers not to take the risk of a difficult administration, without personally assuming responsibility for excluding the debatable elements in the program, I can be the candidate. If, on the contrary, he decides to go ahead, I would support him, and there would be no



conflict between us." Basically, it was a simple matter. Francois Mitterrand decided, finally, to run as a candidate, and I kept my word.

[Question] Thus we come to 1981. Did you have the impression, beginning with the very first steps, that things would go badly? You know that Thierry Pfister denies that you argued the case for devaluation with Pierre Mauroy.

[Answer] That is wrong. I state this categorically. It is true that I was not consulted within the framework of the very small group of people who had to make the decision, and believe me that was not my doing. However, I did have an opportunity to talk briefly with Pierre Mauroy, a talk which he mentions in his book (Pierre Mauroy, "On the Left," page 19). And I reminded him of all the reasons supporting my advocacy of immediate devaluation, because we would have had to effect it very quickly. Mauroy was hesitant. And devaluation was finally rejected, with the justification, it appears, that one does not effect devaluation when one has legislative elections to be won.

[Question] What is your assessment of your own actions in the planning ministry?

[Answer] You mean the Ministry of Planning and Regional Development, not just planning alone--this was a post which I owe to the friendship of Pierre Mauroy.

[Question] Did you not have an influence on general policy?

[Answer] The planning minister is one who has few departments and no budget allocation, nor is his signature required for anything. I will omit the difficulties I encountered. In short, these 2 years in the planning ministry were not the easiest in my life. Excessive economic risks were taken, socialism was compromised by the failure, I could do nothing about it and everyone believed, in addition, that I was in agreement, because solidarity was my policy.

I barely was able, in the midst of this difficult time, to rescue an important nucleus in the plan--the programs with priority for implementation. But the finance and budget offices have already succeeded in challenging this concept. The only thing which remains of what I did then is the plan contracts between the state and regions, which do indeed represent a very important cultural revolution. For the first time in the law and the lifestyle of this country, and along with decentralization, this procedure makes it possible to link the regional view and the national view of the public interests. All of the regions, of which nearly half were controlled by the opposition, have signed such contracts. The concept was readily accepted. It will be a tool for profound cultural change, if it can survive through five plans, let us say, over 20 years, after 5 centuries of centralization. A recent decision by the Strasbourg Administrative Court, moreover, has just confirmed the legal validity of these contracts, thus consolidating them. I, for my part, am very proud of this.

[Question] I imagine that since the turning point in 1983 you are much more in agreement with what has been done?

[Answer] It was as of June 1982 that the turning point came about, with the plan accompanying the second devaluation. This was later confirmed and expanded in March of 1983. Unfortunately, the gains in public opinion which we might have hoped for following this return to a serious attitude were canceled out by the argument to the effect that this was in fact the same policy pursued previously, instead of an explanation that we had failed to analyze the situation properly, as the social democrats had been able to do in Sweden in 1931, with the result that they remained in power for 44 years.

[Question] But you still have basic reservations about the policy pursued since 1982, and above all, 1983?

[Answer] This policy has been successful. This can be measured by the fact that we have not had to effect a devaluation of the franc again since 1983. And I believe that a strong currency is an excellent accompaniment to a healthy economy. The return to equilibrium in the balance of payments in 2 years, after the 1982 accident, also represents a substantial result. And, finally, for a country so accustomed to rapid inflation, the fact of having brought the annual rate to the approximate level of 5 percent is obviously an important result too.

All of this cost us a great deal in unemployment and a slowdown in growth. I remain convinced that, while maintaining the same certainty of safeguarding the major domestic and foreign financial balances, we could have undertaken a somewhat more forceful accompanying attack on unemployment. I continue to think that in the realm of energy savings, we could have done much more than we did. Similarly, we could probably have provided a base for our social contributions which was less of a deterrent to employment. But we are speaking here, one must realize clearly, of only very narrow margins for action.

This success, moreover, has a political and cultural aspect. It represented the administrative apprenticeship of the left wing. The key point in this movement occurred at the congress in Toulouse when, for the first time in 80 years, the Socialist Party, instead of fortifying itself against the difficulties of government by continuing to pursue an impossible and leftist discourse with it, reconciled its words with its actions. We may perhaps see state enthusiasm, full of illusions and plans for redistribution, rise again in the future. But relying on an extremely clear and firm congressional text, including the 22 amendments I managed to get passed, we will have a solid basis for resistance to a return to the past. I am happy to have contributed to this little cultural revolution. For had I and my friends not been there, even though in the minority, I am not certain that there would have been such vigorous resistance to the temptations of the easy path. In any case, the congress was unanimous, and that was the main thing.

[Question] What do you see as the positive aspects of the socialist administration since 1981?

[Answer] Decentralization was not carried out entirely as I would have wished, but it provided a healthy kick to the ant hill, creating an initial



imbalance in a system too long established. Adjustments will be needed, but at least we have put an end to the state as an alibi to justify the inertia of certain local notables. In the next 15 years this will likely have changed the country profoundly. That is the main thing.

Secondly, we have the Auroux laws, in other words the creation of conditions for confrontation and dialogue in the business sector. The owners of the large- and medium-size enterprises with the best understanding today believe that there should be no reversal on this point. This is quite an indication of success.

And thirdly, the whole court and juridical issue. The work done by Robert Badinter is tremendous. France was alone, with Turkey, among the OECD countries to retain the death penalty. This link, I think, needed to be cut. But Robert Badinter went much farther, effecting a very considerable modernization of our court apparatus in all regards. There is an advance here which, I think, will be respected. And I am not without hope that the modern ideas underlying his draft penal code might even be reflected in our law soon.

And fourthly, the foreign policy, particularly with regard to Europe. I think I can say that in the past 5 years, the French presidency has been the most innovative and inventive in "unsticking" Europe and bringing it out of its crises, which are tending to become permanent. Another basic aspect in foreign policy has to do with security. It first of all involved making our armed forces and the French public understand that with the left wing, the security of France was in good hands. Then it involved giving our partners and allies the same assurances. Evidence has been provided, I believe. The discussion about the Pershing missiles in the parliament of the FRG is one which has marked this term of office. Opposing the erroneous view in which deterrence was interpreted in terms of safeguarding our neutrality, this demonstrated the involvement of France in European security problems for the first time.

I also believe that, with regard to a problem as serious as immigration, difficult but necessary things have been accomplished. Thus all in all, there remains a great deal wherein one can be proud of being socialist, although the assessment includes negative elements. The main failure is seen in communication with the public. We are in a dangerous electoral situation because we have succeeded in overcoming the mistrust which developed as of the end of the first year.

[Question] The paradox is that you socialists, taken as a whole, were very popular when you were rather bad, while you are very unpopular now that you are being rather good. How do you explain this phenomenon?

[Answer] I explain it by the fact that popularity is a matter of confidence rather than one of judgment based on indices or rates. Confidence broke down in 18 months, very simply, and this was on the basis of arguments rather than actions, in my view.

[Question] But it was in the Ministry of Agriculture that the bulk of your political action was carried out. Why were you put there?

[Answer] I do not know. But I am glad of it.

[Question] Were you not offered the national education post?

[Answer] This ministry was offered to me by Laurent Fabius, when he took over from Pierre Mauroy, at a time when I had already been minister of agriculture for 15 months.

[Question] Why did you refuse it? Did the problems frighten you?

[Answer] I do not know of any thinking person in France who could have assumed the responsibility for national education without being "afraid," as you say, but this is not an obstacle to action! However, my reasons were quite different. The problem of private education was at the peak of its acuteness and not as yet resolved. The withdrawal of the law announced 48 hours earlier by the president of the republic gave the impression that the left wing was prepared to make a very great concession in order to reestablish civic peace, but one which would not settle the problem. The file was on the desk of the president of the republic. It was my conviction that to deal with it, but with the whole of the complex public education problem as well, a man with a capacity to relate to, understand and listen to the chief of state was needed. For historic reasons, I did not have this capacity, although the agricultural issues had contributed greatly to improving these relations. I say this with calm certainty. And on the other hand, I wanted to carry some of the actions I had undertaken in agriculture through to their end.

[Question] In what state of mind did you take up your new duties in agriculture?

[Answer] I accepted the agriculture post with a specific assignment from the president of the republic to reconcile the state with this sector and to pay whatever the price might be. My predecessor, Mrs Cresson, had pursued the policy officially recommended by the Socialist Party with a great deal of courage and tenacity. Her relations with the agricultural sector, first and foremost with its powerful organization, the FNSEA [National Federation of Unions of Farm Operators], had deteriorated to such an extent that she herself asked to be relieved of the responsibility. For one must realize that the occupation which is most unionized in France is not the factory workers or even the teachers, but the farmers. The peasants, who are said to be individualists, have borne witness to an admirable organizational capacity, since 70 percent of them are members of unions, and 70 percent belong to the same organization. Agriculture has been, moreover, a hyperadministrated sector for an eternity. There is not a single important decision made without the agreement of the sector, for the simple reason that its subsequent implementation is undertaken jointly with the sector. Thus when the bridges with trade-union forces are destroyed, the work of the ministry is paralyzed. It was this situation with which I had to deal.

Contrary to what many people thought, I was not completely lacking in preparation for this task. In the PSU, we had a small but very active farm sector, with which I had worked directly, and I had had close relations with the trade-union world for 10 years. This experience led me to regard the bulk of the very administrative farm proposals of the Socialist Party as unreasonable. To cite just one example, I would simply recall that the socialist proposal for a products office was entirely incompatible with the Treaty of Rome! I came to the ministry convinced, with my mind completely at peace, that what needed to be done was absolutely not what the party doctrines called for. I explained this, moreover, to the national farm commission of the party, in a situation characterized by complete loyalty but great conflict. I had to reconcile it with the ill-thought-out prostrate and pro-Marxist thinking which had produced a totally unrealistic program, and I made it clear that from then on I would pursue another course.

But what course, then? I remember the frightful situation in which I found the farm sector. Peasant income had increased since the liberation at more or less the same rate as the income of other French citizens, until 1973. And then, beginning in that year, with the acceleration of inflation, farm income dropped. Between 1973 and 1980, it declined by 20 percent, in constant francs. The gap between farm and city income was to grow to almost 40 percent, leading us into the situation in which we presently find ourselves, wherein average farm income is barely equal to the interoccupational minimum growth wage. Now this is an average which obviously includes the income of the owners of the best vineyards in Bordeaux and the big grain producers in the Beauce. This gives some indication of what the income of the others must be.

[Question] Obviously, you took an exceptional interest in this task.

[Answer] In fact I did. To begin with, everyone believes that agriculture is a thing of the past, an archaic heritage which must indeed be maintained for ecological reasons. Now I for my part see agriculture, on the contrary, as an activity mainly concerned with the future. Although Asia is in the process of emerging from underdevelopment in the farm sector, the rest of the Third World, Africa most of all, does not seem likely to achieve self-sufficiency in food before the year 2010. The Third World is a net importer today of 60 million tons of grain. This figure may reach 200 million tons about the year 2000. There are here vast markets for the countries with high production levels. But on the other hand, everything suggests that agriculture will be more and more oriented toward the production of raw materials for industrial use, rather than food. We know of the example of fuels derived from wheat, corn or sugar. But along with this, there is biotechnology, in which 50 percent of the processes involve agriculture in one way or another. Here there is a considerable potential, the development of which is only beginning.

And secondly, what a fascinating ministry that is! For historic reasons, agriculture is a world in itself. Do people realize, for example, that the minister of agriculture is his own minister of industry? He has authority over what works best in the agrofood sector of French industry, which is now the leading sector in France, surpassing construction. It is a sector in full development and with heavy exports. The minister of agriculture is his own

minister of labor. Thanks to the equal representation courts which rule on rural leases, he even supervises, to some extent, certain elements in the court system. The minister of agriculture is his own minister of social security, and his own minister of education, because he alone has control of agricultural education. It was due to this that because of the relations with the private agricultural schools, I bore my share of this heavy problem. Finally, when one finds himself in charge of the second largest agricultural export sector in the world, second only, and by a wide margin, to the United States, one must inevitably have a sharp eye for the international situation. I was able to persuade my two successive colleagues, Claude Cheysson and Roland Dumas, to do something rather new with regard to our foreign trade relation, which have traditionally been handled by the finance and external affairs ministries. I made capital of the specific nature of farm expertise, to the extent that I also became minister of foreign farm relations. There is, moreover, first of all a European, and then a world club of agriculture ministers, wherein we know each other and are bound by friendship. This is to indicate to you the fascinating nature of this post, with its implications and its issues--the Third World, hunger in the world, cooperation and trade regulations.

I would add a last reason, which is perhaps the most important. It is a fact that on our ancient European land, threatened with deterioration and rigidified by the effort to ensure security at all costs, as well as sectorial demands, the agricultural world is a world of men and women facing challenge. It is a world in which one is subject to the pressures of risks--economic and weather risks, but it is a world in which the difficulties give the people a warmth and sincerity you cannot imagine.

[Question] As a good socialist, you set out for the world of the factory worker. The accidents of your career led you to discover the enchantment of the peasant world!

[Answer] Enchantment? There is no harsher calling, none worse paid, and there are no more stubborn interlocutors than the farmers. There is a despair in farming. But there is also a love of the dignity of the peasant's calling which is the source of unparalleled authenticity. This is the reward for the minister's tasks. Although this is the most worrisome of the ministries. I have never worked so hard in my life.

[Question] Were you welcomed in the peasant sector?

[Answer] I was without a doubt well received, for several reasons. I was rather well known as I have already told you. They knew I was not too dogmatic, was ready for dialogue and was capable of understanding an issue if necessary. They believed me to be a modernizer. Francois Guillaume recalled very clearly that 22 or 23 years later I went to Lorraine to head a seminar over which he was presiding, on planning for the CNJA [National Young Farmers Center]. I was welcomed then, more than courteously, although cautiously, and with, let us say, critical watchfulness. My relations were immediately excellent with the great galaxy of the National Farmers Credit, Cooperation and Mutual Confederation. The same was true with the majority of the large federations in the sector, first and foremost the most powerful and active of



them, the federation of wheat producers. And the same was also true of all the chambers of agriculture.

[Question] What about the FNSEA itself?

[Answer] Francois Guillaume was mistaken. He began on the basis of the simple principle that the departure of Mrs Cresson proved that no minister of agriculture could deal with a generalized clash with the sector, and that therefore I, as the new minister, would have need of him, such that in this situation he could impose his conditions. There were mainly two: first of all, on the European level, absolutely no dairy quotas, and secondly, on the domestic level, absolutely no acceptance of the small unions into the bodies representing this sector and cooperating with the administration in its work.

I will not go into the battle on trade-union representation which began with the installation of Mrs Cresson in the ministry, or the way in which I succeeded in getting Francois Guillaume to understand that his monopoly could exist in fact if the sector vote so decided, but that I as a minister would not establish a de jure monopoly. I would rather discuss the second battle which I had to wage, that of the dairy quotas, because it involves some decisive points. In speaking of decisive points, I am thinking of European construction, hunger in the world, North-South relations, and the relations between Europe and the United States in terms of the overlapping of commerce and strategy.

I took up my duties at a time when the triple crisis in the European community--near paralysis of the institutions, budget blockages and fantastic growth in the farm surpluses--was being revealed in its full breadth. The joint farm policy had been suffocated by its own success. It had been adopted in 1962, in an era when Europe produced only 65 percent of the food it consumed, and had to import one third. This was the reason for a policy including strong incentives for production, which succeeded far beyond all hopes. Europe began by becoming self-sufficient, and then produced generous surpluses both of grains and of milk, the two most strategic products, and the two most costly in terms of volume, as well as in the forms of support selected. In view of this expenditure, which was growing in incredible and uncontrollable proportions, the majority of the European governments had the simple idea of abandoning subsidies and letting prices fall, in the name of the liberalism they claimed to advocate.

It was thus necessary to wage a great battle to prevent the solution chosen, particularly in the dairy sector, from being one of economic and social violence, and to ensure the triumph of the principle of intelligent intervention, that is to say the establishment of a production ceiling beyond which the price would not be guaranteed. The official representatives of the French peasantry were radically opposed to this. The dairy producers, clearer headed and more responsible, were more willing. The negotiations proved to be extremely difficult. We were only able to achieve something tolerable by reducing community production of these products by 5 percent in comparison to the 1983 figure--one which was intolerable for the 440,000 French producers. It must be realized that since 1981, the increase in French dairy production had been about 4 percent, while that of our neighbors reached 12 and even 14



percent. After 3 nights of negotiation, I was able to hammer out an agreement taking these differences, in which no one believed, into account, such that despite the criticisms of the FNSEA, the peasants realized that they had been defended, and defended well. The results seemed so far out of reach that the government, in the hope of preventing a stalemate, asked me not to conclude the negotiations, but to leave this task to the ministers of external affairs or other government leaders less directly subject to pressure from the national farmers. My conviction was, on the contrary, that it was by going into details based on expertise that we could reach an understanding. Thus it was by exceeding my mandate that I achieved this agreement, which came as a great surprise. The 10 ministers of agriculture probably saved European construction on that occasion. Had there been no agreement, or had there been a bad one creating anger everywhere, with possible expenditures representing two thirds of the European budget and spiraling beyond any control, all of the conditions for an explosion of the Community would have been established. I am quite shameless, but I am firmly persuaded of this. I do not think that the European recovery we are seeking today would have been possible without it. I would even say, moreover, that without the agreement we succeeded in obtaining on wine, thanks in particular to the courage of the Italian and Dutch ministers, it would not have been possible to get France to accept the expansion of the Community to include Spain and Portugal.

In fact we were able to arrive, after long and difficult negotiations, at an intelligent solution which made it possible to reduce the price paid for distilling, and thus in the end to spend less, while at the same time obtaining an increase in the market price for table wine which we could guarantee the grape growers. The means of achieving this was the commitment to distill in the event of excessive yields, which had the additional advantage of protecting us against an invasion of Spanish wines.

Where I was concerned, this was a fascinating experience in major negotiations.

[Question] And outside of Europe, what do you remember about your experience in the Ministry of Agriculture?

[Answer] There is a particularly decisive aspect of things which I perhaps could not have assessed without this period in the Ministry of Agriculture--the interplay of relations with the United States. The United States is master of the world, but it hardly knows it and lacks the political and administrative capacity to integrate its trade, diplomatic and military strategies in a single vision. The Americans have recourse, on the world agricultural markets, to absolute protectionism where they feel weak (dairy products and sugar), while demanding equally absolute liberalism wherever they are strongest (in particular, in wheat). Now they have enormous subsidies, six times as large as those of the European Community, per farmer. The total in 1983 was \$21 billion in the United States, for 2 million farmers, as compared to \$14 billion in the Community, for 8 million farmers. In 1985, the totals were about \$18 billion [sic] as compared to 16. Under these conditions, the domestic price for American wheat means nothing. But it has become the world price, and at that price, farmers who produce less than a quintal per hectare, that is to say practically all those in the Third World,

cannot produce at a profit, even for the Third World itself. Thus the Third World is being stifled and forced to import to survive. There is a dramatic contradiction here with the urgent need for development. Currently, we are involved in major international trade negotiations which will last 4 or 5 years, and this will certainly represent a decisive area for the next governments of the French Republic. For the issue at stake is an international one. It does not involve only the future of our agricultural sector, but the balance in the world, and the opportunity for development which the rich countries will, or will not, offer the poor countries.

I will not speak to you of the interesting reform of the PMU [legal parimutuel system] which I also had to undertake, nor of the reunification of the foreign departments of the Ministry of Agriculture, a difficult operation if ever there was one.

But how can I fail to mention the great pride I felt when, after 18 months of negotiations with 10 or more partners, I saw the two laws I had proposed to the parliament, one on public farm education and the other on private farm education, approved, one after the other, and unanimously, by the two assemblies.

[Question] Let us speak now of the current situation. There are legislative elections scheduled for March 1986, and an uncertain period to follow. In what state of mind do you find the Socialist Party?

[Answer] In a state of mind entirely consistent with the responsibilities it has in the French society of today. An event of considerable importance, which has perhaps not yet been fully evaluated, occurred in the life of the Socialist Party. This was the congress in Toulouse in November of 1985. The French left wing, and French socialism in particular, has had uneasy relations with the government since the beginning of this century. The Toulouse congress was the first since 1905 at which the written discourse of the Socialist Party was consistent with government practice. This was the first time that, while in government, it produced an economic document, and one consistent, basically, and even in detail, with the limitations which are imposed on government policy. This cultural event is beginning to make its cumulative effects felt in the psychology and attitudes of the people. In my view it is the guarantee that the socialist movement will be able to conduct campaigns which will take into strict account realities which are very limiting and, in a world with a very open economy, decisive.

[Question] To put it in another way, you who have always been somewhat torn between public opinion and the Socialist Party now have a tendency to think that the two approaches are closer today than they were in the past, and that this works in your favor?

[Answer] It is quite obvious that I was balancing between two chairs. But now that they have been pushed together, I am seated very comfortably.

[Question] What will be the main guidelines you will propose to the public in the years to come?

[Answer] We are living in a period of very specific change, and we must begin by determining its outlines clearly. The world has been ravaged for a long time now by the contradiction between liberalism and collectivism. At its extreme, this is the East-West confrontation. But it is the same clash we encounter again, diluted in various ways, in the confrontation involving the great opposing coalitions within the universal suffrage system of the Western democracies. In this connection, socialism remains tragically linked in the minds of the people with the communist world, because of an ancient and very costly ideological error--the belief that the achievement of a more just society requires political command and administration, with the state presumed to be the exclusive agent.

Now industrial change, which is routinely called a "crisis," is in the process of drastically shaking up this old dogma. Demands that the state provide subsidies, allocations or various kinds of protection have increased, while the slowdown in economic growth led to a slowdown in the increase in the state's resources. And in addition, the state has just been viewed anew from the point of view of regulations which lead to rigidity, complicate changes and prevent flexible reorganization, etc. This was followed by an intellectual change wherein socialism is in the process of taking up this discovery that its proposal for a more equitable society, far from requiring more administration, would be better served by better rules of the game and less administration. In the thinking of the left wing, this is a new venture beginning with the idea that its proposal for justice, whether it is a question of the schools, social protection or crime prevention, must be translated into methods of application in which the state is no longer the single agent, but a source of encouragement, the organizer of social dialogue, a channel for undertakings, while also being the agency which allocates a part of the common resources for long-term, as compared to short-term, preparations. There the functions of the state are limited. This is a basic change.

At the same time, I am concerned when I see that the right wing, on the basis of the same data, is partially radicalized, for its part, and seems to have forgotten all administrative pragmatism, to the point of losing sight, on the pretext of purely ideological liberalism, of the fact that we need rules, including rules for economic interplay. For it is at the moment the state gives up a certain number of functions that it becomes even more important to administer it properly. The future of France will only be in good hands if control is taken up by whichever of the two coalitions has carried out the most efficient internal ideological housecleaning. Now I must say that the challenging of inherited dogmas is much farther along within the Socialist Party than in the conservative coalition.

[Question] To put it another way, the socialist concept, in your view, is inseparable from a certain surrender of state functions at the end of the 20th century. Can you specify what this means with regard, for example, to socialist expenditures, which will be one of the main problems in France in the years to come?

[Answer] I am not sure that the concept of surrender of state functions is exact. The problem lies elsewhere and is more vital. During the change I

have described, one which is not equally advanced in all of the European countries, the socialists have in no way changed goals. But they have radically changed their tools. The socialists remain a group of men and women who aspire to and are working toward the building of an ever more just society. This quest remains based on four unchanged guidelines:

--Rejection of any abusive domination and the exploitation of man by man, viewed as fatal to life, in the economic sector in particular;

--The desire to guarantee all children opportunities in their lives which will be as equal as possible;

--Rejection of arbitrary measures in the management of society. This presumes democratic and clearly understood mechanisms for any system of authority, political or economic;

--A desire to give priority to negotiation over confrontation, in social as well as international conflicts.

The international socialist movement has long believed it could achieve these goals through the exclusive action of the state, a state with mastery of the production and trade apparatus. In Sweden, Germany, then Spain and now France, the socialists have, one group after the other, abandoned this illusion. Why? Because several reasons led them to it.

The first has to do with the fact that the production apparatus in a modern country is a complex thing. It only functions if the direct requirement of being efficient and providing proof thereof is imposed on each unit. The state is unsuited to this demand. Only the market can reflect and reveal results. When there are none, or when the market does not function, the economy does not either, but conversely, without a guardrail, the market tends toward concentration and moves in the direction of abusive domination. Therefore the rules of the game must frame it as well. The state alone can promulgate these rules. Its role stops here, at this point, but it is an essential one.

The second reason is that while the state has specific functions, and I would fear that the "liberal wave" might conceal them or cause them to be overlooked, it does not necessarily have specific virtues. In other words, the men who carry out these functions can make mistakes. Therefore society must be able to react before becoming trapped in a dilemma. Counterweights must aid it here--the territorial collectives, through decentralization, and the autonomous enterprises, in particular thanks to the existence of a very large private sector.

The third reason is the discovery that a better society requires not only agreement, but also active participation by a large majority of the people. It is better to go more slowly, to expect less of the law or of regulations, than to find ourselves faced with a collective rejection. This is the whole problem with social protection. No one denies that it would be a good thing. But if society is not also willing to pay the costs, protection will dwindle. The state has wanted to implement this itself and + do it well. But the



result has been a connection which it is difficult for each individual personally to establish between the contributions he makes and the extent of the protection provided for him and his family. Under these conditions, perception becomes blurred and the people challenge the system in effect.

The fourth reason is the strongest one. The level of equity or equality among its members which a society approves or would like to have can be achieved much more easily through a multiplicity of daily accomplishments than through administrative action. School opportunities for children from disadvantaged environments, the wage scale, the attitude which excludes certain minorities, acceptance of taxation and of the speed of its progression--in all these key sectors and many others as well, one finds that the real regulator is public opinion, or, to be more exact, collective attitudes taken together. The argument of authority tends instead to lead to regression, particularly in the production sector, where an awareness has finally developed that the structure is a result of all of these behavioral developments, much more than their initial cause.

It is all of this which has made the change in socialism as to methods of action necessary and possible. Naturally, the four basic options to which it still adheres remain references for administrative action. But they are not only that. They provide social dialogue with the elements for its activation. It is the responsibility of the organized partners to negotiate and compromise, with the state doing no more than encouraging them, since it is this social dialogue which is henceforth the most powerful lever for the development of the modern democratic societies. These choices, finally, which are always present in public discussion, serve to encourage attitudes and behavior the effects of which will be useful for all. Socialism, our socialism, means the democratic conduct of society, tending to associate all its members in the consistent improvement of the living conditions of each one of us.

This is clearly seen in the realm of social protection.

This means several things. The first is that it is necessary to pursue a tireless search for solutions through social negotiation, rather than through public decisions alone. Social expenditures are administered by social security systems supplemented by a system of mutual insurance companies. The elected representatives in the social security sector and the officials of the mutual companies are substantial powers which cannot fail to be involved in the decisions.

Secondly, the most difficult aspect in correcting our social finances, if we want to stabilize them, involves pensions. As soon as one takes up these problems, a preliminary question immediately arises. If what is wanted is to avoid an increase in the pension burden, is it possible to maintain a pension mechanism such as we have today, in which the sums paid in are redistributed, or is it necessary instead to move toward a capitalization system in which each individual accumulates, for his retirement, capital managed in his name, the benefits of which he will subsequently enjoy? Everything is possible, including a combination of the two, or even somewhat more personalized distribution. But what I do know is that here again, no public body will have



sufficient authority to make the decisions alone, by law, and that very intensive social negotiations will be needed.

I would say more or less the same thing where compensation for illness is concerned. We have first of all an economic-administrative problem in the management of hospitals. All of the experts believe that further increases in productivity are possible in hospital management. It is in this way, among other things, that we will be able to finance new medical activities and resolve the crucial problems which we will be experiencing with the aging of the population. It is necessary, moreover, for us to have the tools for regional planning in this sector, which will make it possible, among other things, to draft program contracts among the various partners.

In addition, our use of hospitalization for the elderly and for the permanently handicapped is probably excessive. I am sure, because the demonstration of it has already begun in my own commune, that a significant improvement in the quality and quantity of home aid services and medical care, in quantity first of all, would make it possible to hospitalize many fewer people, gradually, and that all in all, French society would be better off, with medical care of equal quality and a cost reduction over the long term, even if in the short run expenditures would at first increase. In order for these measures to be truly effective, profound reform would be necessary in French socioadministrative organization, such as to bring those who make the payments and those who make the decisions closer together. All of these things are extremely difficult to achieve, but in this connection, we can at least see in what direction we should move.

[Question] Let us discuss the problem of education, which seems to me to be one of the weakest points in the administration of the country by the majority since 1981. The reform effort has been particularly unclear. Are you prepared to return a part of education to society, for example higher education, where this would be easiest and most obvious, with factual application of the law on the autonomy of establishments on the financial level, in intellectual administration, etc.? Can you foresee extending this idea to secondary education, with its schools being managed like public establishments, with boards of directors, teachers and parents--in other words, in a traditional sector, in which, moreover, the French state developed a strong educational system in the 19th century, although today it is in crisis and difficult to manage, and in which the state structure relies very heavily on a trade-union apparatus? What are you prepared to do? How far can we go in relieving the state of these functions?

[Answer] The educational sector is in fact a key sector. It is necessary to begin by recalling two things. First, while France has enjoyed the great glory, historically, of being the first country in the world to provide all its children with a free, secular and compulsory educational system, we subsequently, during the Fourth and Fifth Republics, achieved mass access to the secondary and higher educational systems without ensuring that this quantitative growth would be accompanied by the necessary qualitative development. And secondly, on the administrative level, the French national educational system is the second largest centralized apparatus in the world,

surpassed only by the Red Army. The result of this is real difficulty in achieving rational administration.

That being the case, one cannot overturn such a structure as easily as one could an enterprise, for its purpose is not immediate production, but the diffusion of a culture and a body of knowledge which cannot be acquired without the agreement of the clientele, that is to say the students, and profound commitment on the part of the entire teaching personnel.

[Question] In other words, the sociological base of the left wing.

[Answer] Exactly. And this is the reason for the cultural importance of a left wing which is capable of dealing optimally not only within the economic limitations, but also the administrative or sociological limitations, which are decisive here.

Given the current state of affairs, I believe first of all that it is necessary to deal in an entirely special way with higher education, in which the problems now are clearly seen and the thinking of those involved is better prepared. Here I believe in the need for greater competition. I believe that autonomy for the university establishments improves the quality of education and research, and that responsibility in administration is useful, including responsibility for obtaining a part of their resources, in the form of contracts with the production world.

[Question] Are you prepared, for example, to introduce greater competition among the higher educational establishments, and to challenge the concept of the national diploma? Are you prepared to challenge the myth according to which all university diplomas have the same value?

[Answer] I believe that the myth is in the process of being challenged somewhat spontaneously. I agree in principle that the problems thus posed should be examined in depth. It goes without saying that the policy method I am trying to describe is that which involves persuasion and includes the beneficiaries in the decision-making process. It is not a question of imposing anything. All I can say is that I will raise forceful and difficult questions with the parties involved. We are not going to rumble along complacently in administrative and cultural conservatism in the universities.

[Question] And what do you foresee for the other levels?

[Answer] The most serious crisis exists on the secondary level, in particular in the private secondary schools. This is not a reason to minimize what is happening on the primary level or even in the kindergartens. In this last sector, limited budget allocations and a certain lack of understanding on the part of the finance administration are subjecting our nursery schools, which have long been one of the best things in France, to the restrictive and dulling effects of less ambitious norms. There is a danger here which I want to point out, and it is one which I will combat very vigorously.

In the primary schools, the problem of teacher training is probably the main one. This raises the question of a very perceptible difficulty, which is that

of the use of time. Let us agree that students, particularly the youngest ones, cannot be subjected to the schedule for an active working life, and that they should benefit from longer vacations. But is it not possible to plan for the teachers to use a part of the time thus made available for their own training? I say this candidly, and it will probably provoke an outcry, but we will not get out of this situation without a real mobilization of the teaching personnel, which also presupposes an improvement in their status and the social respect they deserve.

[Question] Would you agree with the idea of decentralizing the administration of the establishments?

[Answer] A very forceful movement in this direction has already begun. I am seeing it as a mayor. You know what the problem is. It is a matter of the organizational bodies, appointments, the pedagogical rules.

[Question] And programs.

[Answer] Programs, of course. Where the primary and secondary systems are concerned, even before encouraging collective discussion and agreement on profound changes in the system, surely one must begin by augmenting pedagogical experimentation, such as to revive enthusiasm and to encourage pilot programs.

Now I would like to tell you this. I have too readily let the terms of your assessment of the policy pursued since 1981 go without comment. But they seem to me unjust. Recalling that the schools must teach reading, writing and arithmetic was not such a foolish thing. I do not oppose this reminder, anymore than I oppose the idea that a certain authority is needed by the teachers and must be respected. The difficulty does not lie there. The difficulty lies in the need for the educational apparatus, whether on the primary or the secondary level, to incorporate the discovery that equal opportunities on graduation depend upon a differentiated treatment based on the inequality of social and cultural conditions on enrollment. One does not teach children whose parents speak French in the same way as one teaches children whose parents do not. The main difficulty today seems to me to derive from a discussion which presumes the homogeneity of the student body.

Finally, one cannot deal with the question of content, which arises in particular in secondary education, while making abstraction of the context in which we exist. For some years to come, France will have to deal with a substantial unemployment problem, and the problem of incorporating communities which differ in terms of language of origin, religion or even skin color. In this connection, the schools have an important role to play, both to facilitate this integration and to enable the entire country to benefit from the cultural wealth inherent in these communities. Under such conditions, I am not sure that it is best to give each establishment total autonomy in its own little corner. I believe, however, that the mechanism is much too centralized and there is an urgent need for its regional and departmental levels to have much greater flexibility and capacity to adapt than they have today.

[Question] One of the sectors in which the left might have a certain amount of room to maneuver is the fiscal system. What do you think of the French tax system? The problem is extraordinarily complex, and any reform in this sector is difficult. Do you think, nonetheless, that this remains a central goal?

[Answer] It is an entirely central issue, but it can only be a long-term goal. Let us then make ourselves clear. I have in my mind a vision of policy according to which, when there are urgent conflicts in the files on the agenda, it is better to begin with the long-term issues, because they develop with every passing day, while in administrative and political practice, there is a desire to have urgent matters always made clear cut. The long-term issues are the most important ones.

Tax reform, as we know, is a myth. Everyone wants it, everyone fears it, and in the end, the status quo is continued, because at least then one knows where one is. What is the heart of the difficulty? The issue of fiscal justice cannot be taken up without immediately being linked with two other imperatives--economic neutrality when it comes to the development of the country, that is to say avoiding the paralysis of production due to taxation, and tolerability. Those who use this term are urging a painless tax. Indirect taxation is much more tolerable than direct taxation, but we have entered into the European Community, and we are headed-- this is entirely necessary--toward the unification of our tax systems. Now since France is already the country with the heaviest added value tax burden, we will be required to effect a transfer from the added value tax to direct taxation, which, it might be said in passing, tremendously complicates the concept of partial taxation of the social system. For, and this is another aspect of the problem, the social security contributions are too much based on wages, and thus too much of a deterrent to employment, and too much of an encouragement to the choice of machines and automation to the detriment of employment. And here we have a major difficulty. The solution involves systematic improvement in the handling of production in the fiscal system, and it is absolutely necessary to reach the point at which enterprises can be established, can develop and produce in almost complete fiscal neutrality, in such a way as to be penalized only on the overall result.

One cannot deal with fiscal reform without relating it to the overall financial balance. Are we in a situation in which the people are willing for the services they need to be collective services, with the result that the compulsory deductions will continue to increase? Or is it the case instead that we are now, for the first time in 3 or 4 centuries, faced with a radical refusal to see the compulsory deductions increased, and the resulting discovery by the public that the services they require need direct financing from them, rather than through taxes?

[Question] That is the question.

[Answer] That is the question, but it is not a fiscal one, far from it. When one approaches it in terms of the health sector, for example, it becomes the following: Will the people agree to accept a much heavier personal financial responsibility for the way in which they receive health care? I think that to



a certain extent, the answer should be in the affirmative. There will be no acceptance of health costs by the public unless the need for them is felt by the public in proportion to its effort. But a regulatory system which combats exclusion and rationing based on money must be maintained. It is necessary, on the other hand, to plan for a development in the method of financing many services. I would not, however, include school services therein.

[Question] Do you insist on keeping school services completely in the hands of the state?

[Answer] It is a question here of guaranteeing the future opportunities of France, in industry and technology in particular, and it is a question of guaranteeing the incorporation of all the communities which are to be found on our territory. To do this, it is absolutely essential that the school establishments address themselves, under the best possible conditions, to the people who might not have access to this service through adequate and direct payment for it. But I am persuaded that it is possible to find compensation elsewhere and in many other services, ranging from garbage collection to urban transportation, for example.

[Question] Basically, do you think that our societies have reached the threshold of maximum fiscal pressure?

[Answer] That is a plausible idea. But I will cite the municipalities to you as an example illustrating the kind of difficulty we are encountering. In the national education system, the regular daycare of small children in the primary schools at the end of the afternoon was eliminated, under pressure from the teachers. We gave the people the choice of two solutions. They unanimously chose municipal responsibility, with the resulting increase in the tax burden, over a voluntary cooperative effort by the parents. We are dealing with a society which demands that the public authorities undertake to meet its needs, but which rebels at assuming the financial cost thereof.

[Question] How do you view the intellectual community in this country, which, as you know, has played cat and mouse with the majority, to some extent, since 1981? I ask you this because you are one of the politicians closest to the intellectuals. There are individuals who exert a particular influence on your actions or your thinking. And in what terms do you conceive of your relations with the intellectual sector in the future?

[Answer] There has in fact been a very unfortunate relationship between the socialists and the French intellectual community. The fault must be ascribed, basically, to the political sector. I have followed the discussion on the alleged silence on the part of the intellectuals with discomfort. Keeping silent was indeed the least they could do, because they could not have spoken out without criticizing the instances of awkwardness or the errors made. I am personally more nearly a man who prefers the field to the office. But I recognize my teachers. Men like Charles Bettelheim, Raymond Aron, Claude Levi-Strauss, Fernand Braudel, or in my own discipline, Keynes, Francois Perroux and Alfred Sauvy, have taught me an enormous amount.



In return for this I have had grievances, serious grievances with the intellectual community in general, and that in France in particular. One of the first of these is in a way methodological. My experience of the social, associative and productive life, my experience as a mayor and a minister has taught me that what proves to be important involves team work.

Now at least in France, the intellectual stratum, in the narrowest sense of the term, shows an individualism which makes it ill-adapted to incorporation in a more collective style of work. I will say no more than that.

And then, on the other hand, I deplore the taste of some of the most eminent members of the intellectual community for prophetic criticism, which, unfortunately, the men of action and in the field can hardly take into account. This is because this message from the intellectual community on the subject of French society is rarely expressed in terms of responsibility. I mean by that that a message of social criticism has two types of foundation. The first has to do with a scale of values of an ethical nature, and the second with an analysis of the limitations present in the situation--balance of forces, financial limits, regulatory or jurisdictional constraints, the burden of tradition or habit. If these limitations, requirements or constraints which are binding upon public action are not taken into precise account, the intellectual message of criticism and recommendation is null and void, simply because it cannot be taken into account. Now this is very often what happens with a part of the French intelligentsia, and this adversely affects the dialogue.

[Question] Perhaps we could go on to foreign policy, beginning with Europe. It is becoming more and more clear that Europe has relied on the Franco-German dialogue, as if England did not exist. This dialogue is in fact an unequal one, since Germany has the economic superiority but remains a military and strategic weakling. Do you think that this dialogue, lacking real parity, which constitutes the unspoken axis of French European policy, can remain viable for long?

[Answer] I would not want to fail to say at the beginning that my commitment in political life began with militant Europeanism. It is there that I found friends, in 1948 and 1949, who led me towards socialism, where I felt at home. I have remained a totally committed Europeanist. I am not sure that the "Franco-German dialogue" thesis is a good one. Europe is now a community in which there are more than two countries. It has different motive forces, depending on the problems at issue.

On the other hand, one must understand the German hesitation. Does the future of that country lie in a priority alliance with the United States, at the expense of increasing involvement in a Europe which is asserting its autonomy, or does it on the contrary lie in active participation in the building of an integrated Europe, or again in giving priority to the search for reunification, despite the other two concepts? The choice for the Germans is almost an impossible one, and in order for this not to paralyze the Community, the active and dynamic presence of Italy, Great Britain, France, of course, and all the others, including the Netherlands, is needed.

Finally, let us not forget that there is a very serious mental prejudice in Europe where France is concerned, and it is our fault. Without going back as far as Louis XIV and Napoleon, we can say that with Charles de Gaulle, we provided our neighbors with some terrible lessons. We have retained from the de Gaulle era a certain number of traditions, including one deplorable one--a diplomatic and even technical arrogance which we did not even realize. This is one of the most important discoveries made in Brussels.

[Question] You have anticipated my question. Is it a fact that in order to build Europe, a reassessment of the role of France and a greater concern for balance are needed?

[Answer] Europe, in any case, is doing badly today. To the point that the marking time the Community is doing could end in a kind of dissolution. It is necessary to go back to its origins to understand this situation. Europe has been created inside out. For 45 years, there has been effort, in a widespread flight from politics, to build Europe by putting together technical elements, based on the somewhat naive belief that political authority would necessarily follow. The first idea was to create a European embryo while taking steps to make a war between France and Germany technically impossible--the Coal and Steel Community, and joint management of the war industries. Thirty years later, it was realized that we had put together all of the most archaic and outdated aspects of our industries, and it had brought about not the slightest political power. Then we had the idea of putting defense techniques together without doing the same in diplomacy, and then good sense suggested that this would not work. To catch up, an immediate effort was made to combine atomic energy facilities. This was done--a treaty exists. But as soon as the political authorities in each of the countries realized that there was a stake affecting the future here, they took the heart out of this treaty, and each country resumed civilian nuclear ventures on its own. And finally, to complete all of this, we combined our customs systems, in the image of the German Zollverein, for the Common Market is that and not much else--customs plus strict regulation of domestic competition. But once again, we see that political power, which remains national, has eluded us. Now we are faced with a very weighty institutional apparatus, which is very "daily" in its functions, and which, beyond commercial rules, administers only three things, of which only one has a future--agriculture, plus coal, plus steel--under conditions which limit the autonomy of each of the nations. In this context, moreover, the internationalization of the economies has greatly reduced the extent of the freedom and control the nations have over their own economies.

The crisis and the national demands which accompany it invest the negotiations on the frontiers with still greater acuity, and makes significant transfers of sovereignty extremely difficult, because to speak of transferring sovereignty is to plunge into the unknown. Given this situation, which leaves Europe mute, we must seriously ask ourselves if the time has not come to pose the problem in terms of common sense, that is to say by beginning with transfers of political, and thus executive, power. For yet another aberration has been allowed-- election of the European Parliament by universal suffrage, while depriving it of all the significant activity usually linked with the dignity of universal suffrage.

However, I do not believe that in the current mental world of the Europeans, the transfer of executive authority and the election of the European executive branch by universal suffrage, directly or indirectly, through the channel of the European Parliament, are possible. But we find ourselves in a period in which in some sectors, the acuteness of the technical problems is such that we are perhaps on the threshold of irreversible decisions, a threshold from which another step forward, instead of pushing politics away, would certainly draw it closer. The first threshold is monetary. The ECU, in other words the European accounting unit, is now the third-ranking world currency for long-term loan placements, following the dollar and the yen. In this connection, we are faced with the possibility of taking a relatively modest step in the next few years--creating a common currency. But it is difficult. A confederation of our central banks would be necessary in order to achieve administration by a federal central bank in the American fashion. Inevitably, recourse to political administration will be sought in this connection. The second sector is immigration. If we want to eliminate our internal frontiers, little by little, there will indeed have to be common frontiers. To the extent that we require that our problems be handled with respect for the rights of man within our communities, this presumes that Europe cannot serve as the asylum for all of those who lack jobs elsewhere in the world, of whom there are millions. Consequently, a common policy is needed, and there is an urgent need and a great demand on this point.

The same is the case with tax systems. And the same is probably true of our social protection systems. But I would say above all that beyond these technical elements, it is the capacity of Europe to exist in relation to the outer world which constitutes the determining factor now. Since 1945, the Europeans have been timid. Europe represents the best of what exists in the world. The world looks to Europe, but Europe is unaware of it. The complex of values around which Europe is built is the best, and is worthy of export. To do this, the great problems of identity and security must be raised.

The great current difficulty with regard to the European identity is in particular commercial. It has to do with the capacity of Europe to play its role collectively in world negotiations, despite obvious American disapproval, characterized by a consistent desire preventing Europe from establishing joint positions. This can be seen in connection with all the major international agreements, and it is the key to the next international trade negotiations. As regards the European undertaking, there is something decisive here, but at the same time something which arouses enthusiasm.

[Question] But if one approaches matters from the security angle, one gets back to the German problem.

[Answer] How is the problem posed? On the strategic level, we are in the worst of situations. The East-West tension has its main focal point in Europe. There are five or six times as many conventional weapons aimed at Europe from the Soviet side as in the other direction, and if the strategic nuclear balance between the two great powers has been more or less maintained, the same is not the case with the tactical nuclear balance on the level of the European continent. Two countries in Europe have nuclear forces--Great Britain, but in a very close relationship with the United States, which makes

its autonomy of decision problematical, and France, which for its part has total autonomy of decision, but to the extreme of having sanctified what is almost a myth concerning its own neutrality. Italy does not have a nuclear branch, and has only limited conventional power. As a result, it has a very definite propensity to remain closely linked with the American guarantee. As for Germany, it is at a crossroads. It is caught between a very obvious desire to maintain the closest relations with the United States and determination not to annihilate its chances of steadily improving its relations with East Germany. As a result, it is on the strategic level of decision that Germany will never commit itself, particularly since it is hesitant on the point of knowing how far European construction may go. Germany has long been and remains the country which has paid the most for European construction. Today, because of the financial tensions limiting state action in all the developed countries, Germany is rejecting any further European construction for which it is certain to be the main paying agent. It is as a function of this complex of parameters that the strategic problem is posed.

I note with a certain satisfaction that, intellectually, the question has matured quickly, and that everyone agrees on the need to pose it. In the event of a nuclear escalation leading to world war, the American involvement, which is our main guarantee, will not be lacking. There is not the slightest doubt about this, and it is not there that the shoe pinches.

It is in the event of a war in Europe, one in particular due to the development of local tensions--an explosion in Yugoslavia, a new crisis in Berlin, social destabilization internally with foreign support--that the problem exists. If faced with this type of situation, it is clear that Europe cannot base everything on an American decision, and even that it should not. It is also evident that Europe does not have the resources to provide a response.

For France, the responsibility is great. The French strategic choice irritated our European neighbors, allowing them to believe that we would be capable of contemplating the situations I have just mentioned without involving ourselves. We have our nuclear deterrent force, and no one can touch us--tough luck for the others! The grievance of our European partners toward France has to do with the fact that we have invested the essential part of our available resources in the nuclear option, as a result of which we have not been able to develop our conventional forces, since conventional weaponry is very costly, to the level of the demands of the new strategic situation. I have indeed seen the French proposals for taking up the German security problems, but I note that these proposals, insofar as they have been made public, are based on exclusively Franco-French conditions, defined by the French for the presumed greater good of the Germans, but without the agreement of the latter. Now, German anxiety is based on the hypothesis that Germany would be the battlefield. From the German point of view, is any foreseeable conventional pressure on the frontiers should be opposed by either a determination to win back the territory in question quickly, or a sufficiently definite and early commitment to guarantee that an escalation of deterrent action, including nuclear escalation, would be dealt with. And this, where



the relative role of tanks and antitank weapons and the nuclear sector are concerned, involves reasoning which differs from that of the French.

Under these conditions, it is neither possible nor desirable to undertake developments based on unilateral decisions by the public authority. The subject is too explosive, the suspicion of French noninvolvement is too great. There is no other solution but to begin by getting strategists and the military to consider the matter together, unofficially and without formal instructions, so that a consensual perception of how to approach the problem, and then resolve it, can be developed in advance.

[Question] In short, you do not envisage any German association in our nuclear defense in the short or medium term?

[Answer] It is rather a French involvement in European security, both conventional and nuclear, that we must in the end discuss. We get back to the American problem, if I may put it thus. Given the current doctrinal status, no president of the French Republic would have credibility if it came to taking the risk of allowing France to be burnt to a crisp in defense of another country. But it is clear that this does not resolve everything. And in the second place, the problem seen as difficult on the strategic level is that of the first levels of escalation.

[Question] I am not sure you are right. It seems to me that the problem involves correcting the unfortunate effects on German national thinking of a relationship with France out of balance due to the lack of military power.

[Answer] No. The problem does not come down to the German awareness. It is above all a question of the balance of forces on the continent. Now the answer to this question is not nuclear alone. It is also conventional, I am certain.

[Question] How do you view the Soviet Union? Do you see therein, as de Gaulle did, the eternal Russia? Do you regard it as a nation like the others, or as an entirely separate reality, to be dealt with as such?

[Answer] Regarding the Soviet Union, I have only commonplaces to offer. De Gaulle himself only noted what was evident. It is indeed still a question of Russia with its eternal strategic propensities, but complicated by an entirely different economic, social and ideological reality--communism, with its messianic message, which is inconsistent with the rights of man and stability in the rest of the world. It is proper, in connection with this double dimension, to try to organize the coexistence of two radically different sociopolitical or ideological systems, in the search for peace through negotiation. It is necessary to realize simultaneously that the substance of the communist world entails a continuing effort to destabilize the other world. Intervention in the social conflicts in the countries in the West, exactly like the use of international terrorism, is a part of the strategy of the Soviet world.

This in no way minimizes the importance of peaceful state-to-state relations. I believe that the Helsinki Accords were necessary and that the slow and

laborious recognition of the rights of man toward which the Soviets have been pushed by these documents provides the West with a means of exerting pressure which it would be wrong to neglect. When we speak of increasing economic trade, moreover, we are necessarily speaking of an increase in relations between men, technical first and then scientific and intellectual, from which we can expect certain effects in terms of the opening up of Soviet society. The major changes which will come about in the world of telecommunications thanks to the satellites will pose a difficult problem for the Soviets in this connection. I think that we should even be pleased with the Geneva conference, despite the absence of the Europeans. It is essential that the capacity of the two great powers to communicate be maintained in order to attempt to stabilize matters through negotiation. Now for the past 10 years, we have not even had the certainty that they could talk. All of this should be pursued, but with total clarity not only about the incompatibility of the two systems, which would not prevent their coexistence, but about the permanent and consubstantial propensity of the Soviet system to attack ours from within, as well.

This capacity of the Soviet world to profit for its own expansion from the difficulties or contradictions arising elsewhere on the planet immediately calls for contemplation of the North-South problems, because it is obviously in the Third World that the Soviets hope to see a tip in the balance of world forces to their advantage. It is on this sector that the main outcome of world affairs in the coming 10 or 15 years will depend. And it is here, as a result, that the main responsibility of the European Community lies. For the United States is entirely impervious to the realization of what development in the Third World really is. The United States only sees it in terms of the rules of free trade from which it has profited so greatly. But if free trade is a narcotic for the strong, it is murderous for the weak, and two thirds of the planet is weak. The United States has never been able to separate the handling of an agrarian or a food or a social crisis in the Third World from its interpretation of it in terms of revolutionary insurrection. And it stubbornly refuses to see therein anything but an extension of the East-West conflict.

As a result, we have pushed Cuba into collusion with the Soviet world, whereas this was probably not determined at the very beginning. We have done the same thing with Nicaragua, while I maintain that at least during the first 2 years, the outcome there was not determined either. And when it comes to Mozambique, Angola, Ethiopia, perhaps Tanzania, perhaps Zimbabwe, and Namibia in the future almost certainly, and with regard to the Philippines, who knows--we are at serious risks of obtaining the same results, thanks to the same failings.

Now the European Community has been able to find situational policies in this field which were limited in their economic scope but were bold and significant, whether it be with regard to the regions bordering South Africa or with regard to Central America. The strengthening of its actions in this connection is in my opinion a major factor. France has been the political motive force here. The strengthening of Europe is a necessity. Why? Because it is not possible to get the Americans to change their policy through a benevolent attitude and understanding alone. There must be a balance of forces here, and a stronger ECU confronting the dollar, and there must be a

combined effort to deal jointly with a series of problems, beginning with the debt, the negotiation of which must be undertaken under conditions consistent with development. It is in this same spirit that world trade negotiations must be approached. There can be no economic upsurge without protectionism at the beginning. The most convincing example of this, where food development is concerned, is India. But in order to prevent protectionism from spreading and to ensure that it will be reduced when development reaches adequate levels, it is necessary to incorporate it in the international rules, and thus to recognize it as a necessary first step. India has safeguarded its future in terms of food, and probably of politics, by protecting itself. Africa, which opened up, foundered. This point must be included in the stakes at issue in the next world trade negotiations, in connection with the problem of the debt, as well as practical methods of development designed to ensure self-sufficiency in food. We must abandon the belief that because the rich countries produce too much, it is possible to feed the poor countries by means of a transfer.

This is the price of world peace. It presumes a strong Europe, capable of coping with the lack of understanding by the Americans of a policy contrary to what underlies theirs, and antagonistic to their short-term trade interests.

A bold venture! And there is no one but Europe to undertake it. This is why France, as a catalytic country, is faced with entirely unique responsibilities, which it must assume and which will color the next presidential term, whatever its nature.

[Question] You have given a lucid assessment of the potential for rational leftist administration today. But do you believe that it is this type of message that the country expects? What is the statement that you would like to make to the people of France?

[Answer] France is experiencing extreme uncertainty today about itself and about its future. It is questioning the relationship of the younger generation with the older ones, so rapidly are changes occurring. France has difficulty believing that it can assimilate its new immigrants as well as it did the Italians or the Poles in the prewar period. The country is no longer very sure just what the state is doing for it. I think that the primary need of the people of France today is to achieve a certainty that the state understands them, listens to them and serves them, and that the public authority takes their aspirations into account. These aspirations are oriented towards security, but also toward the rediscovery of the grandeur of our country. References to power are no longer made in the discussions about the future of France. Now France finds today that it is one of the mainsprings in the achievement of a European force capable of putting an end to world misunderstandings, East-West and North-South.

The people of France believe that they see this vast adventure opening before them, an adventure which involves rejecting deterioration in all sectors, ensuring upsurge and contributing to giving the world better opportunities for peace and justice, a little light and much hope. It is not the state which can decree this undertaking or which will direct it alone. It will only come about if its urgency is clearly accepted by all, and if all take pride in it.

[Question] What terminology could be used for this lesson in order to give back to the people of France some kind of confidence in their own history and their own destiny?

[Answer] The language of true solidarity in dealing with difficulties, including what this entails in terms of personal responsibility. It is the language of humility, in the face of the complexity of things which we must learn together to decode and master. But it is also the language of grandeur, the language of a country which accepts a mission and a responsibility and will not abandon them.

5157

CSO: 3519/136



## GREEKS' QUALITIES, DEFECTS SEEN AFFECTING NATIONAL ISSUES

Nicosia I SIMERINI in Greek 16 Feb 86 p 1

[Text] In a 1938 competition in New York between two important law journals on the characterization of Greeks, Chief Judge Kelly submitted the following essay and won:

- In the court of impartial History, Greeks revealed themselves as beneath circumstances, even though they always hold first place on the intellectual level.
- Greeks are always very clever and arrogant, active and lacking method, zealous of their honor and full of prejudice.
- They are hot blooded, impatient, but also courageous fighters.
- They honored Socrates only to poison him.
- They admired Themistocles only to exile him.
- They brought about 1821 only to jeopardize it.
- They created 1909 only to forget it.
- They extended Greece's borders during the First World War and they almost buried their country.
- Strange creatures, rebellious, curious, half-good, unstable and of uncertain intentions.
- Admire them, pity them, CATEGORIZE them if you want and if you are able to.

It would indeed be difficult to be more descriptive in ADMIRING and PITING the Greeks. On one historical day they reach the summum of pride and national heroism and get close to the utmost self-sacrifice. On another, they give themselves up to the disintegration of good times, carelessness and unbridled self-interest. They reach the nadir of values, of creation, of progress.

These Greeks, who are a mixture of contradictory qualities and contradictory defects that are impossible to categorize, make miracles at certain times throughout their history and destroy themselves at other times. And all this happens in a climate of simultaneous love and disdain of their very country! While other nations, both developed and underdeveloped, are following their course, each with its own methods and its own way, Greeks are the victims of their own cleverness...

The struggle for survival needs planning, strategy, will, and the intention to succeed. Against these needs, the Greeks of 1986 have displayed an array of amateurism, spasmodic moves, instability and a shopkeeper mentality in low-level politics. These are not the necessary attributes for survival. They only achieve the "shrinkage" of Greeks and their rights...

Judge Kelly's characterization is still valid, especially today... Eleven years have gone by since the double disaster in Cyprus. Eleven years have passed and the Greek nation accepts and tolerates the faits accomplis. It reacts only with slogans and grandiloquent statements. For 11 years it proclaims that "it will not tolerate" that which it already does. In the end, the faits accomplis are set in concrete and Turkish expansionism digests what it has devoured. If the Greeks do not wake up and protect themselves with DEEDS and NATIONAL PLANNING, they will be awakened one morning by new national amputations which are already being hinted at by the Ankara officials!

/7358

CSO: 3521/104

## YOUNG SOCIALISTS VIEW LABOR PARTY PLATFORM

Rotterdam NRC HANDELSBLAD in Dutch 5 Mar 86 p 6

[Article by Ward op den Brouw: "Chairman of Young Socialists Criticizes 'Cowardly Debate' Within Party Executive Committee: 'PVDA Executive Committee Looks Like Funeral Parlor'"]

[Text] Amsterdam, 5 Mar--"It is being said that the Labor Party must maintain a closed front in the electoral campaign. As Young Socialists, we do not agree with this. A party in which there is debate going on is much more attractive than a party whose lips are sealed. We are continuing this debate within the party in order to enliven the image of the PVDA." As chairman of the Young Socialists in the PVDA, Michiel Zonneveld wants the party to get away from closed-door politics. If there is a left wing in the PVDA, then Zonneveld is the most obvious exponent of it.

Zonneveld, 23, emphasizes that the Young Socialists (JS) are an independent group of young people up to age 27--numbering 3,000 in all--including members of other progressive parties. They support the PVDA, but this does not mean that they always agree with the party's executive committee. On the contrary, the idealism of the Young Socialists goes so far that "people who have made it in the PVDA" consider the JS a "too radical club." Zonneveld considers it to be a "realistic group" that calls the policy of the PVDA into question and has a fresh outlook on politics.

"The really bad thing," Zonneveld says, "is that a disturbing amount of things are done behind closed doors, and that the new openness with which all those New Leftists rose to the top ranks of the party is slowly disappearing. Thus, a lot is arranged between Joop den Uyl and Max van den Berg in which no one else is involved. I am on the party's executive committee (with an advisory vote, Ed.), and a lot of things are not discussed. In fact, it looks like a funeral parlor, nothing at all is happening!"

## Trustees

A number of people on the executive committee must go, the chairman of the JS concludes. He is more exact when he says that "a number of aging New Leftists must be replaced by people who are willing to really get down to work." Zonneveld: "The New Left used to fight the trustee mentality in the PVDA, and

now they themselves are all trustees. It is time that they regain some counterbalance."

The Young Socialists offer this in the form of outspoken criticism of the way in which the PVDA is upset by opinions that differ from those of the executive committee. Zonneveld refers to the party congress on 14, 15 and 16 February, where in his opinion debate on nuclear arms was obstructed and there was scarcely an exchange of ideas on the cruise missile position of the party's executive committee, "while you know that 20 percent of the members do not agree with it." Incidentally, he does share the executive committee's position on cruise missiles.

The JS chairman also finds fault with the avoidance of debate on the report by the Wiardi Beckman Foundation, the academic office of the PVDA, in which arguments were made in favor of a third television network. "There was no discussion of this in the executive committee; instead, it was chopped down on behalf of the executive committee, and on behalf of the parliamentary caucus as well. This is the same way in which the proposal by the Biesheuvel Commission on the collective referendum was completely chopped down," Zonneveld says.

In part because of what he describes as "cowardly debates," Zonneveld says that it is difficult to develop alternatives within the PVDA. "I feel that it is not the function of the PVDA executive committee to block all debate, but that it should see to it that there is serious thought at various levels of the party and that the executive committee does not say, 'OK, Red Women, Young Socialists, you want to legally bring about a reduction in the work week? You can introduce an amendment by way of Transvaal-Oosterpark and we'll reject it in a debate at the congress at which you will each have 2 minutes on the floor.' No, I expect the executive committee to give people the opportunity to develop different views with respect to a reduction in the work week and then make an honest decision. That's a much better debate--say, if you let various speakers come forth at the congress--than if you finally have the floor after an hour and a half and Annemarie Grewel says a little testily, 'Please draw to a close' and it's all over."

Despite its dissenting positions, Zonneveld discovered at the congress that the JS is still gaining supporters within the party. "We have gotten a lot of sympathy about things that we have lost. Take the extreme position on NATO, where we think that the Netherlands should not be a member. We knew that we didn't have a chance, but more and more people in the PVDA are against membership." Zonneveld shows enthusiasm. It is true that there was not a majority in favor of the ideas of the JS, "but you could see that people did appreciate the fact that there was once again a group that dared to play such a role."

Eager

Through all this criticism, some are wondering why the JS wants to be part of the socialist camp. Zonneveld tells why. "Compared to the CDA and the VVD, the PVDA is far better. If you look at the alternative small leftist parties and see the fragmentation there, then it is not a difficult choice for us.



You can be idealistic, but you also have to be able to actualize those ideals. We also choose the PVDA because it is a big party with a good position on the cruise missiles, for example. As far as that is concerned, the PVDA has changed quite a bit."

After nearly two and a half years as chairman of "the opposition in the opposition," Michiel Zonneveld is very eager for a place for the PVDA in the government. We have a good chance, he is convinced, but with which party or parties will we have to join hands in order to be able to govern? Zonneveld: "PVDA-CDA would be mayhem. If the PVDA does join the CDA government, we will not go along with that cabinet. We will then assume a role as a critical factor within a government party." A coalition with the VVD is only possible if that party becomes a centrist party, and he does not see that happening for the time being. And D'66? "They are clearly necessary for a leftist cabinet, but as far as I'm concerned that party can just disappear."

Zonneveld recognizes that over the course of the years many supporters of the New Left have abandoned their ideals. However, the current chairman of the Young Socialists appears to be tenacious. He can indeed understand "people who come into the party's executive committee as rebels and later start thinking differently." Zonneveld: "I don't think that just because you were formerly leftist you have to remain leftist all your life." He makes a joke about it: "I also want all the people who are rightist to turn leftist after a while."

12271

CSO: 3614/73

## POLL FINDS MOST REGARD WELFARE STATE OPERATING AS BEFORE

Oslo AFTENPOSTEN in Norwegian 10 Mar 86 p 3

[Article: "No Deterioration of Welfare State"]

[Text] More than half of the approximately 1,000 persons questioned in a nationwide opinion poll said that they had experienced no change in the welfare state during the last 2 or 3 years. One out of four had noticed a deterioration, while somewhat fewer had perceived an improvement in the state of things. So the expression "razing of the welfare state," which has been used, is a misleading term.

The question was asked in this way: "Have you personally experienced an improvement or a deterioration in any aspects of the welfare state during the last 2 or 3 years, or have you personally experienced no change?"

Distribution of Answers	
<u>Item</u>	<u>Percentage</u>
Improvement	17
Deterioration	24
No change	55
Don't know	4

If we disregard the opinion of party supporters, it is first and foremost members of the Norwegian Federation of Trade Unions (32 percent), people over 60 years of age (30 percent), and residents of Oslo, Bergen, and Trondheim (30 percent) who believe they have noticed a deterioration in the condition of the welfare state.

An improvement is noted most often by those in the income group 160,000+ kroner (22 percent), those in the age group 30-40 (20 percent), those in southern and western Norway (20 percent), and those who have passed the university entrance examination (20 percent).

In political terms, backers of the Labor Party and the Socialist Left Party stand somewhat apart from the others.

<u>Backers of the</u>	<u>The Welfare State Has</u>		
	<u>Improved (%)</u>	<u>Deteriorated (%)</u>	<u>Not Changed (%)</u>
Labor Party	7	34	56
Progress Party	20	7	68
Conservative Party	35	10	53
Christian People's Party	18	20	49
Center Party	23	15	55
Socialist Left Party	4	37	51

"Which aspects of the welfare state do you yourself feel have become worse?"  
This question was put to the 24 percent who had perceived a change for the worse. Their answers were distributed thus:

<u>Item</u>	<u>Percentage</u>
Health policy	30
Higher own risk	18
Social policy	16
Hospital sector/queues	15
More expensive to live	15
Housing policy	12
School/education	10
Circumstances of elderly	9
Pension and social security	8
Unemployment	5
More expensive medicines	3
Don't know	2
Other answers	15
Total	158

12327

CSO: 3639/87

## PRIME MINISTER INGVAR CARLSSON PROFILED

Stockholm DAGENS NYHETER in Swedish 9 Mar 86 pp 33-34

[Article by Ann-Marie Asheden: "A Man of the Future Tied to His Fate"; first paragraph is DAGENS NYHETER introduction]

[Text] "He was a magician, and we loved him," said one of Olof Palme's old colleagues. There were also those who hated him. The present prime minister, Ingvar Carlsson, does not cause such stirring feelings.

"We have a solid, honorable and upright bland personality as prime minister. There will be fewer guilt-edged, boring speeches. But it will be good, in certain respects perhaps better," say those who know Ingvar Carlsson.

It is difficult to find anyone who has anything bad or negative to say about this man, although he has lived for 51 years, many of them close to the seat of power.

"It is really a riddle how one can be so indestructible as Ingvar Carlsson. It is a riddle how he has succeeded in retaining his unpretentiousness, and how he has succeeded in avoiding becoming gradually and stealthily drunk with power. Yes, he will be the first prime minister in history who did not seek power," said several sources who know him well.

How is this possible?

Let us look back.

Boras was his first environment. That was in the 30's and 40's. It was by no means obvious that the youngest son of a warehouseman and a textile worker would go to the high school which was directly opposite the family's flat in the central part of town.

## A Fortunate Family

The two older brothers, Rune and Bengt, had gone through high school because of pressure from their teachers. They had gone further because they were exempt from tuition fees, being designated underclass.



Ingvar followed in their footsteps, and when he was 19 he took the examination for a commercial certificate. In addition to studies there was football. He was rather fiery on the football field, and actually could be very rough. Gradually he also became interested in politics. He became the chairman of SSU [Social Democratic Youth of Sweden] in Boras, and a club colleague said that Carlsson very significantly vitalized the political part of the club activities.

"The family was fortunate and stuck together, although father died young. We did not fare badly; we were similar to all the others from our environment," said Ingvar Carlsson's brother Rune.

"But the system was unjust. Whether or not you went to university depended on your father's money. The injustice marked Ingvar."

Rune Carlsson became a Social Democrat and eventually a county council manager in Stockholm.

The middle brother also became a manager, but by another route. He started his own business in textiles, and over the years became rather wealthy and conservative in his social opinions.

The next environment was Lund. Ingvar Carlsson came there to study when he was 22. He was given a dispensation by the university chancellor, since he only had a commercial certificate. He concentrated on getting his Master of Political Science degree quickly, as money was still a problem. He was diligent and earned it in two years instead of the usual four.

#### Erlander Impressed

Now it was the 50's, and in the academic world of Lund there were two ways to choose from, the classical and the political. Ingvar Carlsson chose the political.

He became chairman of the Social Democratic Student Club. During these years there was a large number of students with similar ideas, who later distinguished themselves in community life. It was a stimulating climate for those interested in politics. The former finance minister Ernst Wigforss also lived in the city, and in earlier days he used to visit the young students and discuss politics with them.

Prime Minister Erlander was also one of the regular guests, and he always had his secretary Olof Palme in tow. During the Prime Minister evenings Erlander was asked questions by the young Ingvar Carlsson. Erlander and Palme were impressed, and the 24-year-old Ingvar Carlsson was invited to come to Stockholm and be the acting secretary to Prime Minister Tage Erlander.

The year was 1958, and Stockholm now became Ingvar Carlsson's environment. He moved there with his wife and childhood sweetheart Ingrid, daughter of a wholesaler in Boras. They moved into a modern apartment in a southern suburb.

After working with Tage Erlander and Olof Palme for two years, something told

him to stop. He said farewell to Government House and went to the United States to a university to study national economy. He explained his decision in a newspaper interview:

"I want to study the entirely new type of unemployment they have there, which depends on automation and high rationalization parallel with overproduction of certain consumer goods. This is what we are also risking in the future," said the 26-year-old.

One year later he was back, and immediately became the national chairman of SSU. He travelled around and agitated over 200 days per year. He became acquainted with all the members of SSU from Haparanda to Trelleborg. Today they are commissioners or active in local labor movements.

He is called a "football tactician" and a "party careerist" by the nonsocialists. In 1964 EXPRESSEN compared his agitation with that of nazis and dictators.

But obviously he succeeded in filling youth with enthusiasm, because membership in SSU increased dramatically.

As chairman of SSU in 1963 he gave an interview on the theme "If I Were Prime Minister..."

As prime minister he wants to see to it that there are fewer old men in the Riksdag. He wants to stop the assumption of multiple duties. He wants to give all newlyweds a bridal chest and establish a professorship in sexology. He wants to tear down the class barriers around the Foreign Ministry and open the doors of diplomacy to the people. And finally he wants to open a number of new embassies in Africa and Asia and close the one in South Africa.

It is unclear whether it was his hope of ridding the Riksdag of old men which brought him to that organization shortly thereafter, or whether that would have happened anyway. In any case he became the youngest in the Riksdag (together with Lars Werner) and the representative of the youths.

In 1967 Tage Erlander considered that Carlsson was ripe for new tasks. He became undersecretary in Erlander's office. At that time he actually became the minister for future affairs and problem solver, two roles which have marked his political career since then.

His job with Erlander was to find the answers to the most unpleasant questions at a time when the younger generation was beginning to distance itself from the Social Democratic Party and move to the left: What have we done wrong? What should we do to regain their confidence?

The Erlander epoch ended in 1979, and Ingvar Carlsson's teacher retired as the beloved grandfather of the welfare state.

## Own Small Duties

Olof Palme took over. At that time education policies were a problem, with student revolts and university reforms. Palme wanted Carlsson as minister of education.

Since then Olof Palme has entrusted many of the most difficult questions to his loyal, discreet and effective colleague. In 1973 he took over the housing department. During the opposition period he had the hopeless task of bringing the most opposing viewpoints in the party together on Option 2. Before the 1981 Party Congress he led the crisis group which drew up "the economic policy of the third way."

When the Social Democrats returned to Government House in 1982 he became vice prime minister, a deputy and coordinator who was also given several small duties of his own, since Palme believed that one must have his own role in life. Carlsson was given the future, research and later also the environment as his own.

Since 1982 he has formally been number two. Did he expect to take over some day? Did he want to be number one? Was he a careerist who sacrificed himself in the shadow of the dominant, magical and brilliant prime minister as a step on the way to the top?

Ingvar Carlsson's political career is described by those who know him as being somewhat tied to fate. He was politically motivated by the injustice which he himself experienced. As a result he was assigned tasks. He carried these out very well, since he was gifted, quick and stubborn. He was assigned new tasks. They were also well done. And it continued like that until he became prime minister without having to use his elbows.

Last Saturday, when the Swedish people awoke to a changed reality in their small, secure world, the foreign minister and old party fox Sten Andersson was already playing the kingmaker: Carlsson and nobody else should succeed the murdered Olof Palme.

Andersson hurried to the shocked comrades at the party headquarters on Sveavägen. The executive committee was called together as soon as Saturday afternoon, and quickly agreed on Ingvar Carlsson as the new party chairman.

Who is now the new party leader under the surface? This is Ingvar Carlsson, depicted by friends and colleagues:

He is very intelligent and equally quick mentally with responses as was Palme. He is well organized, can sort out the important issues, and think ahead in an argument.

"Therefore he is a skillful debater. It may be possible that he is more skillful than Palme."

He is a good labor leader who knows how to delegate and keep his group together.

"He trusts his fellow workers so that one becomes a little better than he really is," said an official in one of his former departments.

He is a hard worker. He is incorruptible and stubborn in a quiet way. He knows what he wants and what he does not want. He is not afraid to say no, but always does it in a very amiable way.

He is very formal. One can not simply ask Ingvar Carlsson to do something. He wants a formal request, preferably with protocol.

#### Many Shortcomings

"He has excellent judgment, yes, that is his foremost political resource," pointed out Harry Schein in his memoirs several years ago, and it still is valid.

On his more kindly side is the ability to listen. He is sensitive to sentiments. He never advances himself, not even when he makes a decision.

"He appears to think that others are more interesting than he is," said one who has worked and mixed socially with him in private.

He is a stable and secure person, but not simple.

"Thank God he has many shortcomings. He is a person who can feel doubt. He can doubt himself and wonder if he can manage. And he can doubt and wonder if the life he lives is worth all the sacrifices."

Politics are a necessity and a duty for Ingvar Carlsson. It is necessary to fight against injustice and it is a duty to stand up for the party, which has given him responsibility and confidence.

Sometimes he has indicated to his friends that he really would prefer to go through life with less of a burden. Then he would read books, listen to music, walk in the woods, yes, he even longs for shameful idleness sometimes.

Bearing his burden means for Ingvar Carlsson exercising great restraint. He is a real puritan. His famous bus ride to and from his home in Tyreso is a good example. It is a 40 minute trip. Even though he has worked until late at night, the fatigued Ingvar Carlsson will not succumb to the temptation of taking a taxi or ordering a cabinet car: No, he prefers to take the subway to Skanstull and stand in line waiting for the bus to Tyreso.

Another example is that he usually calls the party treasurer and asks permission before he invites a guest to dinner at the party's expense.

Another example is his plan to move. His daughters have moved out, and Ingvar and Ingrid Carlsson believe that the row house is too large for two. They have taken a place in line at the Tyreso HSB [National Association of Tenants' Savings and Building Societies] in order to purchase a three-roomer in a new area, Gudo.



One way to avoid the burden is joking. Ingvar Carlsson's dry humor is well known among his closest friends. It is partly a kind of cutting which in SSU jargon is called "jabbing" and partly classical practical joking.

Both are difficult for friends to relate. Clearly it must be Carlsson himself who tells or acts the story--otherwise it is not funny. But in any case here is an example of his jokes:

#### Getting the Better of Schein

Once Ingvar Carlsson amused himself by calling up friends and acquaintances and with a disguised voice pretended to be someone else. One time Harry Schein was awakened by telephone early Saturday morning. It was a film producer from Hongkong who, speaking in English with a Chinese accent, tried to import violent films into Sweden. Schein responded negatively, and just as he was about to hang up abruptly, Ingvar Carlsson disclosed the joke.

In several small ways the fine fellow Carlsson resembles the ordinary mortal. He likes to speak often about his infirmities, which caused Sten Andersson to facetiously compare Carlsson with an impatient racehorse.

He has an interest which is almost a passion: He likes to ride the Finland boat. Carlsson knows a lot about Finland and Finnish politics.

"Finland is a foreign policy area where he outshines his predecessor," commented one of his traveling companions.

One passion which Carlsson has kept well hidden from the public is his hatred for the upper class. It is both an instinctive and a moral attitude.

"The limit of Ingvar Carlsson's willingness to cooperate is going to be influenced by his lower class perspective," said some of DAGENS NYHETER's sources.

And he himself has already declared that he certainly will cooperate as far as possible, but that sometimes it is not possible to avoid conflict.

Then what will Ingvar Carlsson be like as prime minister? These days he is always being compared, as if it were a law of nature to compare a predecessor with a successor.

"It will be the same policy. Leaders go, but the party line remains..."

All of DN's sources believe that it will go well. Most have been impressed--and a little surprised--at how quickly Ingvar Carlsson has adapted to his new role.

"He came in directly, like a statesman..."

Many believe that Ingvar Carlsson is more firmly based in Swedish reality than his predecessor, including his bus trips, but mainly because of his origins in

the heart of the movement.

"It will now be a new epoch. Ingvar Carlsson is not comparable with Olof Palme. But think of Erlander when he was young. The same long lankness, the same near-sightedness, the same dry humor. Yes, perhaps there is a relationship..."

9287

CSO: 3650/154

## CENTER PARTY 'CRISIS COMMISSION' ISSUES REPORT ON PROBLEMS

Stockholm DAGENS NYHETER in Swedish 18 Feb 86 p 8

[Article by Sven Svensson]

[Text] The Center Party belongs in the nonsocialist bloc and should not attempt to establish itself as a party whose role in parliament is to tilt the scales one way or another. This was the conclusion of the crisis commission that analyzed the reasons for the party's major election defeat last fall. The commission is holding its final meeting today, Tuesday.

The conclusions are based on extensive consultations with all Center Party affiliates. A large majority have stated that the party belongs in the nonsocialist bloc. There is no strong desire for the party to establish itself as an independent party in parliament, a so-called third force.

The basic political conclusion is that, to a great extent, the purpose of parliamentary elections is to select a government. Consequently, the Center Party cannot avoid taking a position on the governmental question before a parliamentary election without creating obscurity and uncertainty over the future course of the party.

#### Way Paved For Soder

The crisis commission's conclusion, which has strong support among the various Center Party affiliates, paved the way for Karin Soder to accept the assignment as new Center Party leader, succeeding Thorbjorn Falldin. Like Falldin, Karin Soder wants the Center Party to be part of the nonsocialist governmental alternative. That rules out other agreements on issues of substance with the Social Democrats.

The Executive Committee of the Center Party will meet late this month to discuss the crisis commission's report. Relatively soon thereafter, Karin Soder is expected to announce the outcome of the party leadership question.

#### Lack Of Clarity

A lack of clarity in the Center Party message is believed to have contributed to the catastrophic election results. Like many others before them, members

of the crisis group decided that the cooperation with KDS (Christian Democratic Party), the Dagmar Agreement on healthcare, the qualifying days for health insurance, and the vague demand to eliminate sales tax on food helped create uncertainty as to where the Center Party stood on important political questions.

A discussion of continued election cooperation with KDS is expected, leading up to the Executive Committee meeting. This discussion could continue until the Center Party Congress in June.

With Karin Soder as the leader of a nonsocialist-oriented Center Party, there remains the question of the composition of the Party Presidium.

Center Party members now believe it is most likely that Olof Johansson will become the new first vice chairman. The cooperation between him and Karin Soder has gone smoothly during the transition period.

#### Strong Candidate

During the past few days, farmer and member of parliament Karl-Erik Olsson has appeared as a strong candidate for the position of second vice chairman. He is believed to be supported by the groups that precipitated the rapid departure of Thorbjorn Falldin.

For this reason, member of parliament and defense expert Gunnar Bjork of Gavle is seen as a possible crown prince. As a member of the party presidium, he would support Karin Soder's more nonsocialist-oriented policies, which proved to be popular in the recent consultations.

The composition of the new party presidium probably will not be decided before the Party Congress in June. It is not at all certain that the new party presidium proposed by the party's election committee will receive general support. The prestige of the election committee has already been damaged due to its early support for Olof Johansson as the new Center Party leader.

9336

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## CENTER PARTY 'FUTURE REPORT' SEEN ASSURING SODER CHAIRMANSHIP

## Election Setback Reasons Assessed

Stockholm DAGENS NYHETER in Swedish 26 Feb 86 p 11

[Article by Ake Ekdahl: "Soder Can Stay"]

[Text] The Center Party's future policy report paves the way for Karin Soder to be the new party chairman in the next elections. Soder feels that enthusiasm is returning to the party, and she will review her decision to leave the party leadership. She has promised to make an announcement to the representative council April 7.

"Now the Center Party can shake off the disappointment of the last election defeat," she said in a commentary welcoming the policy report of the analysis group. "Now the party will have the chance of making a new beginning," she said.

Soder says that the report's conclusions will determine her decision on whether she continues as the party leader. But she still wants to see how the report is received by the party's leading organ and to examine her personal chances of being able to continue. "We all come to points in life when we meditate over whether we want to do something else with the years we have left," she said.

## Doubts

This week the party leadership and the representative council will receive no notice of Soder's plans.

The uncertainty Soder feels about her position in the Center Party can be seen in the obviously bitter criticism of the entire party leadership for the four election defeats.

The criticism is unanimous and reveals dissatisfaction with the party's manner of working. Disappointment is expressed that the Center Party was not able to develop a method of lively internal discussion, that there was no room for a debate on ideas, and that internal information was faulty.

This is a serious and strong criticism of those who have had the main responsibility in recent times for the work of the Center Party, the analysis group said in a commentary.

In scarcely concealed dissatisfaction with the previous Center Party leader, Thorbjorn Falldin, the group said that "a party in which the idealistic debate is silent loses both enthusiasm and faith in the future."

#### Debate on Ideas

Several times the difficulty in identifying issues in the Center Party movement was mentioned. The analysis group calls for leadership in political ideology so that party policies can have full effect.

"Democracy in a party is an exchange between the leadership and the members. It should be characterized by sensitive listening and loyalty. In the Center Party, internal democracy must be improved," the report says.

The report continues with the assertion that a free and open debate before a decision is made together with support for the decision taken are important elements in internal democracy. At the same time, the party leadership is encouraged to work out a new system for party voting, which the group feels has functioned badly. Further, a revised party program after the next election is called for. The party is advised against further campaign cooperation with the Christian Democratic Union in 1988.

Soder seems to have taken to heart the criticism of the party leadership of not having been sensitive to party members. Therefore she is now stressing the importance of a discussion of the work of the analysis group by many members of the Center Party movement so that the proposals can find broad party support.

In 2,300 answers to a questionnaire sent to local committees, many groups said they can no longer recognize the Center Party's ideological profile in the concrete political work of recent years. But no demands were received for other leaders than Falldin to resign.

#### Criticism of the Christian Democratic Union

Party members throughout the country point to a handful of reasons for the Center Party's election losses. Sixty percent point to cooperation with the Christian Democratic Union, 43 percent to the loading of Barseback 2, 41 percent to the delays in health care, 20 percent to the Dagmar agreement in nursing care, and 21 percent to an obsolete environmental policy.

Falldin's stubborn resistance to participation in three-party manifestations before the last elections seems to have support in the Center Party movement.

In governmental questions, the report says that the Center Party must work toward nonsocialist cooperation, that a moderate government is best for Center

Party concerns, that no opinion should be expressed before priorities are set for three-party cooperation, nor should an opinion be expressed before governmental cooperation with the Social Democrats is established.

The credibility of the Center Party as an environmental party has been hurt. The image of the Center Party as a party that always stands on the side of the farmers must be erased.

#### Environmental Party

In a program package for a clearer party profile, a more consumer-oriented agricultural policy is proposed. The interests of agriculture are best represented by agriculture's own organizations, the report says.

In its self-criticism, the analysis group said that the Center Party itself has contributed to a false image of the party as always being in conflict between the interests of agriculture and of environmental protection.

"The Center Party has unique possibilities of reaching solutions that can suit both the consumer and the producer," the report said.

The analysis group regards as a riddle the fact that the Center Party voluntarily took upon itself the guilt for what went wrong in the Social Democratic agricultural policy.

The family farm is the slogan for an environment-friendly food production and for better quality foodstuffs.

#### Small Farmers

The Center Party will therefore work to eliminate the 25 largest animal plants, to introduce establishment control of new factories, stop agriculture from becoming industrialized, improve border control of the import of vegetables.

The demands must be formulated in a new foodstuffs program, the group report to the party leadership said. The program should also include the use of chemicals, questions of price, agriculture's role in environmental protection, and animal husbandry, among other things.

Among the other demands are a general six-hour day in the 1990s, expanded allowance for children, and no to Scan Link.

#### Center Youth Organization Agrees

Stockholm DAGENS NYHETER in Swedish 26 Feb 86 p 11

[Text] "Now we in the Center Youth Organization can follow the same path as the party. This can be a topnotch sign for the Center Party," the chairman of the Center Youth Organization, Andreas Carlgren, said of the crisis group's report. Carlgren, who was one of the sharpest internal critics, now has

jumped into agreement with the "correct Center policy" he thinks the report contains.

The correct and clear policy consists first of all in making decentralization a main issue, that the policy of distribution be stressed, and that the party's environmental conflicts be ironed out, Carlgren said.

He is very enthusiastic about the final report of the crisis group and thinks that an ideological third path should be drawn up in the policy.

This is the profile that Carlgren has argued for so strongly.

#### Paper Analyses Report Conclusions

Stockholm DAGENS NYHETER in Swedish 26 Feb 86 p 2

[Commentary: "New Direction in the Center Party"]

[Text] Center Party's political analysis group, whose report will be dealt with by the party's representative council Thursday and Friday, gets down to business surprisingly quickly in criticism of the departed Thorbjörn Fälldin.

The description of how voter confidence in the Center Party broke down begins with the loading of Barseback 2 directly after the 1976 election and continues with the dissolution of the government in 1978 and the formation of the next three-party government in 1979. Then it comes to the tax agreement of 1981. It is Fälldin's policy that is criticized, and when the analysis group writes about "uncertainty, incompetence, and the resentment of no clear position being taken from 1982-85," there is no doubt for whom the criticism is meant.

The gist of the matter seems to be that the decline of the Center Party in the past ten years has been caused primarily by gaps in party leadership, which was trapped by the responsibilities of government and by the spirit of compromise with the Moderate and Liberal parties, and by the sacrifice of the party's own ideas and principles. Concerning the loading of Barseback 2, it is argued that the absence of loading would also have caused the Center Party many political problems. For the rest, the reader has the impression that there was a barrier between the Center Party state council and other party members who could only take peeks at the party program.

Although the analysis group says that some good things were accomplished during the years of the nonsocialist government, the Center Party's realization of the need for following a moderate savings policy was nonexistent for a long time. The group is of the opinion that the representatives of the party organization and the youth organization did the wrong thing in leaving government work, and that the result was a barrier between the idealists and the realists that could not be overcome. The conflict led Center Party members on the local level to be less inclined to defend the government's policy. The inevitable compromises were seen as deviations or backsliding.



But the self-criticism is aimed at the organization's method of operation, not at the content of its policy. It would not have hurt if the analysis group had thought a little about whether the Center Party policy, which yielded such great support in public opinion in the 1970s, could have been carried out. At any rate, it is clear to an outsider that the policy was based too much on catchwords such as "400,000 new jobs," and on symbols such as county leveling of population figures. Such things did not stand up in the government's confrontation with reality.

To make matters worse, the Center Party came into confrontation with the Social Democrats and even distanced itself politically from the Liberal Party and the Moderates. While the Center Party chose to rest on its laurels, the difficulties were already apparent during the change of governments in 1976.

The historical viewpoint is important here, for the analysis group is trying to a great extent to return to the policy of the years of progress. Decentralization is again to become the dominant theme, and this will cause sharper differences with other parties. In contrast to Karin Soder's statement at the start of her three months in the party chairman's post, the analysis group is more categorical in distancing itself from the Moderates. A dominant role for the two middle parties -- the Christian Democratic Party is no longer included -- is the condition for Center Party participation in a nonsocialist government. The door is closed to the Social Democrats: this clearly shows that the Center Party is working for a change in governments.

But nothing more is said in this respect on how the party is to be made more suitable for governance -- or if there is sufficient reason for compromises between the policies of the Center and Liberal parties. There is no certainty that the position of the analysis group for a utopian six-hour working day, for the admittedly awkward expense tax, or for further border protection in agricultural policy will prove to be the best starting point.

The impression is that the Center Party in the next few years will come to be sufficient unto itself, particularly since a tendency in the party seems to be to take advantage of the Social Democrats' internal quarrels on distribution policy. An opposition policy of this type can perhaps break the defeatist mood in the party and even attract a certain audience among the voters. But Karin Soder -- or whoever is elected Center Party leader this summer -- can only wish deep down for a change in government.

9124

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## GOVERNMENT SHOULD WARN SUPERPOWERS ON ADDING TO AREA TENSIONS

Stockholm DAGENS NYHETER in Swedish 10 Mar 86 p 2

[Editorial: "Submarines and the Superpower Threat"]

[Text] Olof Palme's successor inherits security policy problems. Whoever violates Swedish waters must have a motive. What the motives can be does not come through especially clearly in the passage of the Defense Committee about "different forms of preparation for crisis and war situations," which for the present is considered to be the most authoritative instruction.

The DAGENS NYHETER debate "Is Sweden Safe" has aired various attempts to explain why the country is the object of Soviet submarine activity (there is general agreement that that is what is taking place).

A common opinion--mostly advanced by officers--is that the explanation must be sought in Soviet military planning for a wartime assault. On the other hand the plans of the West have always included "defending or regaining lost positions, never moving them forward" (Hans von Hofsten). According to another opinion, recently carefully advanced by the security policy researcher Ola Tunander, the "most substantial" explanation for the violations is the offensive forward strategy of the United States; thus they are a Soviet countermeasure, a defensive action.

Sweden is justified in trying to explain its problem in strategic terms. And the Defense Committee has recently done this in a more general way, as has the OB [Supreme Commander of the Swedish Armed Forces] in the Perspective Plan. The North Atlantic and Northern Europe have especially been pointed out as a "difficult to define boundary area" in which the superpowers in a crisis or wartime situation can be expected to fight to advance their positions.

Those who are primarily studying the United States' policies often refer to the thesis of former American Secretary of Defense Harold Brown about "horizontal escalation": A Soviet attack in the Persian Gulf should be met by an American attack somewhere else, for example Northern Europe (Norway was not named). Lately attention has been focused on the disturbing, from a nuclear weapon viewpoint, naval strategy referred to by the head of the American Navy, which describes how at the outbreak of war his ships will seek out the opponent's units and destroy them.

Applied to the situation in the north, this could force the Soviet Union to take a number of steps to defend its territory and its strategic nuclear-armed submarines. Here one can imagine that an advanced threat will be met by an advanced Soviet defense, which would involve Sweden.

The question is how foolish can the American strategy really be, even though a coming exercise in the Pacific is believed to simulate an attack against Soviet bases on the Kamchatka Peninsula. It is a poor example of the reasoning of the American warmakers. Last year both the United States and the Soviet Union conducted very large naval exercises in the North Atlantic and the Norwegian Sea; on the Soviet side the Northern Fleet was augmented by units from the Baltic and Pacific Fleets.

Within NATO they want the Americans to show the flag more often in northern waters. This has appeared in a number of recent statements by Norwegian officers. On the other hand one of them pointed out that Soviet amphibious landing exercises in the north have declined recently, which he interprets as a measure by the Gorbachov regime to save money.

The new American signals also illustrate an old problem: How much of that which resembles dangerous war operations is primarily intended as a warning. In Norway's direction, the American aim could be to ward off the enemy from considering war operations farther south against the sea lines of communications of the West. For example the chief of the Swedish Navy sees the aim of advanced American operations in peacetime to be preventing crises from arising. Sweden has not criticized advanced storage of NATO material.

The technical possibilities for both superpowers to conduct extensive operations in the North Atlantic and Northern Europe have changed. It would benefit them as never before for the Soviets to gain access to Swedish airspace in the opening phase of a conflict. Unfortunately our territory has become more interesting for Moscow. Therefore it is hardly likely that the situation would change if only the United States would refrain from demonstrating its military capability.

The government and the Foreign Ministry have every reason to send warnings to both superpowers not to increase tensions in an area which has been calm during most of the postwar period. But that does not free Sweden from the effort and costs to defend the territory--totally regardless of the motives of the intruder.

9287

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## VPK UNDER WERNER QUIETLY SUPPORTING SDF IN RIKSDAG

## Despite Economic Policy Disagreement

Stockholm DANGENS NYHETER in Swedish 28 Mar 86 p 10

[Article by Ake Ekdahl]

[Text] The government has no solution to the new economic problems the country is headed for. Both the nonsocialist and the communist oppositions in the Riksdag say this. Consequently there is a majority against the Social Democratic economic policy before the voting on 12 March.

The risk that the Riksdag will disapprove the government's economic policy and force the government to the edge of a crisis is however broadly speaking nonexistent. The VPK disapproves more than ever of the government's policy of economic restraint and feels itself left in the lurch after the common election campaign against the nonsocialists. But in the decisive vote the VPK will support the government, because the alternative is a nonsocialist policy that it disapproves of even more.

The VPK continues to hope for concessions from the government for the opinion that makes itself known in the country in the form of uproar and revolt.

## High Taxes

"This seems hardly troublesome for us, but the situation is of course not new," VPK's Hans Petersson said. He has taken over economic questions after C. H. Hermansson.

"We did hope for a change of heart in the government and among the Social Democrats when the reaction to the budget came," he added.

He expressed a certain satisfaction that the government has met the VPK's demand for higher taxes on stock trades by one percent. The VPK had asked for a six percent raise.

Petersson hopes for further concessions from the government in the ongoing family policy negotiations, tax revision, and this spring's replenishment



proposal.

It is a political dilemma for the VPK, Petersson said, first to vote for an economic policy one does not believe in and then to attack this policy in debate. "I believe, however, that an irritated public understands that the alternative in the form of a nonsocialist policy would be even worse."

Reserved

In the general nonsocialist reserve in the Rikdag's finance committee, the government is blamed for not taking advantage of the improvement in business to strengthen the country's economy. The nonsocialists point out that constant tax increases prevent economic growth, that the belt-tightening has to be made even harsher, and that the monopoly and the rules of the public sector should be reduced.

It was with a certain pain that the three nonsocialist parties were able to come together this year, according to the sources that took part in the committee work. In budgetary questions, the Moderates, the Liberal Party, and the Center Party all had reservations that point to deepgoing differences in their attitudes on economic policy.

New Profile

The Center Party's new profile as the little people's party requires concrete proof in work in the Riksdag on community savings, unemployment insurance, and health insurance compensation.

The nonsocialists did agree, however, that the government should be able to take in a further three to four billion kronor to help the communities.

At the same time, the nonsocialists agree on their reservation that the government contribution to the unemployment fund should be limited and subsidies to residents reduced.

Werner Addresses Soviet Audience

Stockholm DAGENS NYHETER in Swedish 28 Feb 86 p 8

[Article by Harald Hamrin]

[Text] He who believes that what happens in Moscow these days is only "cosmetic" makes a serious mistake. Perhaps, under the best conditions, the Soviet community can again take on a dynamic element that will allow the communist parties around the world to point to the Soviet Union as an example.

VPK leader Lars Werner's commentary on Soviet party leader Mikhail Gorbachev's address to the 27th party congress Tuesday was summarized and indirect. Werner

is in Moscow at the head of a party delegation and will himself speak at a Soviet party meeting Friday.

APK party leader Rolf Hagel and chief editor Lars Engquist of the newspaper, ARBETET, in Malmo, are also in Moscow as official guests of the congress.

Werner's comments in connection with a meeting with Swedish journalists on Thursday were framed in a series of reservations. It was clear that he wants to wait and see what the new Soviet signals will mean in practice. One important significance of the recent Soviet hints is that the Soviets are not seeking a leadership role in the world communist movement.

On one point, however, he was definite. He who believes that Gorbachev's speech Tuesday was just "cosmetic," an attempt to patch things together, makes a very bad mistake, he said.

"There have been very serious and important proposals from the new leadership to break with something that has gone on for a number of years," Werner said, referring to the ideas of economic reform and the struggle against corruption and bureaucracy.

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CSO: 3650/149

## BRIEFS

VISA RESTRICTIONS ON SOUTH AFRICANS--The government decided Thursday to tighten up the rules concerning issuing visas to South African citizens. In the future the main rule will be that South Africans, whether they are official representatives or private citizens, will not be issued visas for the purpose of entering Sweden. In the past the visa restriction applied to official representatives from South Africa. Visas were granted to tourists. However exceptions will be made in the future too. In addition to opponents of apartheid, journalists and diplomats may be allowed to come to Sweden. [Text] [Stockholm DAGENS NYHETER in Swedish 14 Mar 86 p 8] 6578

CSO: 3650/159

## UNEXPECTED COMMAND STAFF CHANGES REFLECT PERSONNEL TENSIONS

Helsinki HUFVUDSTADSBLADET in Swedish 22 Feb 86 p 9

[Article: "Inflamed Relations: Three New Generals--Two Retire Early"; first paragraph is HUFVUDSTADSBLADET introduction]

[Text] Three colonels were promoted yesterday to major general. That was partly because of unexpected new arrangements which at the same time caused the retirement of two generals before they reached pension age. Indications are that personal relationships within the highest military leadership are not the best.

The chain of events started because the present chief of war economy, Lieutenant General Pentti Vayrynen will retire with a pension on 10 May.

The new occupant of his post will be, surprisingly, Colonel Raimo Penttinen, who is now the signal inspector. At the same time Penttinen was promoted to major general.

With this appointment the present chief of war equipment, Uolevi Anthoni, who is a major general with many years experience in the war economy section of the General Staff was passed over. The major general was thereby passed over in favor of a colonel whose experience is from entirely different sections.

Yesterday Anthoni was granted retirement at his own request. He has already left the service and is on leave awaiting the effective date of his retirement, 1 May.

As the new chief of war equipment the president yesterday named Pentti Kolehmainen, who was also promoted to major general. At present Kolehmainen is performing a special mission within the Ministry of Defense.

The third promotion to general came as a result of the Commander of the North Finland Military District, Major General Erkki Laatikainen requesting early retirement with pension. Laatikainen, who was yesterday granted retirement from 1 August, is said to have tried for a long time to get moved from Uleaborg to Helsinki.



Laatikainen's post is being taken over by the present commander of the Inner Finland Military District, Major General Martti Alatalo. His present post is being taken over in turn by Colonel Seppo Raisanen, who was promoted to Major General as of 1 August. Raisanen is now the head of the Defense Course.

In the president's announcement yesterday Major General Ilkka Halonen was promoted and appointed at the same time as chief of the General Staff. He is now the quartermaster general at the main staff.

It is quite unusual for generals to retire before reaching pension age. It is not, however, entirely unique. At the end of the 1960's Lieutenant General Jorma Jarventaus left the Army after Major General Yrjo Keinonen was named as commander of the defense forces.

Now it appears to be a matter of inflamed relations within the highest defense leadership. Major General Uolevi Anthoni told the Finnish language radio news yesterday that the current situation was caused by the "intrigues" of government office manager Aimo Pajunen.

Anthoni denied that he had requested retirement because of disappointment at having been passed over. Instead it was because of a crisis of confidence, according to him. He also pointed out that he requested retirement before he knew that the choice of a new chief of war economy would be Colonel Penttinen.

According to Anthoni's information, the commander of the defense forces, Jaakko Valtanen first supported Anthony in this appointment process. However he was forced to change his position since Defense Department office manager Aimo Pajunen and chief of the Main Staff Jan Klenberg decided to refuse to accept Anthoni.

General Valtanen told the Finnish language radio news broadcast that investigation had shown that Anthony did not have the qualifications for the post of chief of war economy. He had poor relationships with both the Main Staff and the Ministry of Defense. He added that nobody has any obvious right to any post within the defense leadership.



*Raimo Penttinen*



*Pentti Kolehmainen*



*Seppo Räisänen*



*Uolevi Anthoni*



*Erkki Laatikainen*

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## PAPER ON GENERAL VALTANEN'S COMMENTS ON CRISIS HANDLING

Helsinki HELSINGIN SANOMAT in Finnish Mar 5 86 p 2

[Editorial: "Crisis-Plagued Defense Forces and Crisis Management"]

[Text] Several times within a short period the commander of the defense forces, General Jaakko Valtanen, drew attention to "Crisis Management, the Conditions for It and the Defense Forces' Capacity to Carry out Their Assigned Duties," which was produced by our defense forces. In the general's opinion one reason for the feeble reaction is the strangeness of crisis management.

This instant analysis may be right. Already the third parliamentary defense committee has mentioned the concept of crisis management. Understanding the concept is not enough, however. What is important is what new elements are required from the defense forces in implementing crisis management in the intermediate area between war and peace.

Every year procurement has lagged a few percent behind plans, which were already stripped. The starting point was low. In addition the prices of weapons that are continually being developed have risen faster than other prices, nor has the effect of inflation always been compensated for. Hence it is irrelevant to identify some statement acknowledging that "equipment is becoming more expensive" as a demand for stimulating armament.

Confidence in the defense forces - both within the country and outside it - is generally based on the willingness of the citizens to defend the country. Conclusions about the country's defense capability, however, are made primarily on the basis of material defense preparedness. The allusion to a large trained reserve thus has an effect primarily on those who are not military experts.

The situation becomes a real mystery if our own citizens' concept of the capability of defending the country is identified mainly with the willingness of young men to defend the country. And such an idea is only accentuated if increasing the quantity of weapons and equipment and improving their quality are equated in turn with militarism and national fanaticism and are not seen as an indispensable prerequisite of the defense capability demanded of us.

In the 1960's the program aimed at improving the defense forces was allowed

to collapse and at this moment we are getting along without an actual parliamentary defense committee. Keeping the defense forces up to date strikingly resembles putting together a jigsaw puzzle in which the following piece is always missing. The present commander in turn once compared the situation to patching a leaky boat.

Despite unemployment the defense forces have not succeeded for example in hiring sufficient civilian workers such as drivers and warehousemen. As equipment becomes more complex the defense forces should also be in a good competitive position in hiring engineers and comparable personnel. This is not the situation, however, regardless of society's prosperity. The situation is clearly in conflict not only with our security requirements but also in light of obligations we have approved.

The crisis management policy of the defense forces commander emphasizes dispassionately the national task in which we participate regardless of political differences in other fields. We do not raise a ruckus about patriotism in the fields of international trade, foreign policy or other material accomplishments. Why then do we not also relate to the defense of the country in the same way of looking after one's normal, common interests?

But in practice what does crisis management mean in the allocation of various branches of service and regional preparedness? Up to this point the concept has only been talked about in general terms, and in the Diet, for example, it has not been dealt with at all. In other respects the Diet should not avoid its responsibility for security policy on economic grounds.

In carrying out his responsibility the defense forces commander will have to continue acting like a traveling salesman, on the basis of whose achievements the "company" stays on its feet. The public easily gains the impression that no one considers it necessary to respond to his proclamation. Then both the immediate future of our defense capability and the security of the citizens easily lie in dark obscurity. Such neglect is difficult to make up for later even with large amounts of money.

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CSO: 3617/82

## FORMER DEFENSE MINISTER THUNBORG REPLIES TO BILDT CHARGES

Stockholm SVENSKA DAGBLADET in Swedish 8 Feb 86 p 3

[Article by Anders Thunborg, Ambassador and Former Defense Minister. Carl Bildt's articles appeared on 22 and 24 January]

[Text] I am not really certain what Carl Bildt really is after in his articles that appeared in SVENSKA DAGBLADET on 22 and 24 January.

"We must never give the impression that we are a nation that is on the decline," Bildt writes. This is completely correct. At the same time, his arguments could easily give this impression.

"Today conditions are better than they have been for a long time for creating a new consensus behind our foreign and security policy," Bildt writes. At the same time, however, he continues to harp on the same old personal scandals and suspicions--all the stale old stories that I thought were history.

This is not a good starting point for someone who is really serious about forming a new consensus.

## Good Foundation

Bildt aims his criticism at the foreign and security policies of the Social Democratic government from 1982 to 1985. If he were able to remove the blinders of partisan politics and look at the contents of these policies, I believe he would conclude that the period from 1982 to 1985 resulted in a firming up of Swedish security and foreign policy. A good foundation has been laid that can be developed further by those who are really interested.

The Defense Committee's unanimous report on security policy during the spring of 1985 is the most important basis for such a consensus.

The defense agreement among the parties in the spring of 1984 on defense costs between then and the Defense Resolution of 1987, to secure the economic basis of the Defense Resolution of 1982, is another example indicating that agreement can be reached--if the will is there.



All discussion concerning a new Swedish fighter plane after the Viggen ended in the spring of 1983 with the unanimous decision on the JAS program.

#### Uncertainty Eliminated

We made clear and unambiguous declarations concerning Sweden's policy of neutrality in foreign policy declarations and government explanations, as well as in the strong Swedish protests against Soviet violations of Swedish territorial waters and Swedish air space.

On the level of party politics, the Social Democratic Party Congress of 1984 meant that the ambiguity and uncertainty was eliminated and that the classical security policy line was confirmed. The same applies to the Conservatives, who are now wisely repudiating several dubious standpoints that, only a few years ago, were official Conservative Party policy. Also gone is the neo-Caroline tones about liberating Eastern Europe that were found in the Conservative Party security policy program in 1982.

#### Strong Effort

Since the submarine intrusions began, we have agreed on a strong effort to expand our submarine defenses. The commander in chief has been granted the authority he asked for and additional resources, as well. One example is the coastal corvette program, which is now underway.

Our determined will to protect our territory has been met with respect in our part of the world. Those who understand what is going on know that hunting submarines is one of the most difficult military operations in existence, particularly in the Baltic Sea. No one can reasonably condemn the Swedish policy because we have been unable to do what no one else has managed to do--to bring a submarine to the surface.

Repeatedly stating that we are experiencing 10 times as many submarine intrusions as we actually have evidence for simply gives an impression of perplexed politicians, incapable officers, and a crisis in confidence, as cabinet secretary Pierre Schori said the other day. I also believe most people realize that diplomatic actions against another country must be based on clear proof or a very strong chain of circumstantial evidence.

#### Lack Of Historical Perspective

If Carl Bildt is really serious in all his talk about a new consensus, he should concentrate on these issues of substance. It is disturbing when Swedish politicians and officers utilize obscure sources and rumors from abroad in their contributions to the debate in Sweden.

Of course, ignorance and uncertainty can occur in foreign commentaries, but every effort should be made to stop the spread of rumors. It is indefensible for someone who knows better and can do better to add fuel to these rumors. On numerous occasions, Carl Bildt and I have been together on foreign soil

to explain and defend Swedish security policies. I know that Carl Bildt can do better than what he has shown in his articles.

Carl Bildt's analysis of the policies of the 1970's suffers from a lack of historical perspective. Every event that is taken out of its historical context is lacking in precision. But, Carl Bildt, you are not the only one who has a short political memory.

### High Hopes

During the early and mid-seventies we all had high hopes in international detente and disarmament. The SALT I agreement was a reality and we were anticipating the SALT II agreement. Active East-West policies and developments on the German question led to the ESK process and the Helsinki Accord of 1975. The Vietnam War was over and the United States was reducing defense spending. An extraordinary top-level General Assembly--which was well prepared--was arranged in New York in 1978.

Is it so strange, then, that this process had an impact on Swedish thinking, as well? As chairman of the 1974 Committee on National Defense, I know how unanimous we on the committee were about placing high hopes in this process. This spirit also characterized the nonsocialist government from 1976 to 1979, in which Carl Bildt also participated for a time.

Superpower relations worsened in 1979 and 1980. The SALT II agreement was not ratified by the American congress. Then came the Soviet incursion into Afghanistan and the drama surrounding the Euromissiles began in earnest. In addition, there was the hostage incident in Iran, developments in Poland, etc.

As United Nations ambassador, I saw the effort toward multilateral cooperation reach a deadlock. The American arms buildup began as early as 1980, but reached record proportions with the Reagan administration. Western Europe followed suit, while the Soviet Union remained at its high level of armaments.

### Becoming Humility

This trend led to distrust and an absence of contact. Negotiations on the superpower level were broken off. A thorough study should be made on what went wrong with the process of detente during the 1970's especially if, as we hope, we are now entering a new period of superpower negotiations and international cooperation.

It is on this background that the internal memorandum from foreign affairs undersecretary Leif Leifland in 1979 must be seen. If, in addition, Bildt remembers that Leifland's warning on the consequences of the erosion of defense spending came after the nonsocialists had been in power an entire term, then I believe a certain amount of Conservative humility would be becoming. The nonsocialists ruled for an additional term and the share of defense in the GNP dropped from 3.1 to 2.8 percent from 1976 to 1982.

## Meager Program

I agree with Carl Bildt that a neutral country such as Sweden must always, in word and deed, create respect for its integrity. The rest of the world must respect both our will and our ability to carry out our declared policies, even in the event of war or other difficult situations.

Our policy of neutrality must be supported by a strong defense. This is the basis for what Bildt likes to call the Undenian foreign policy line, complemented by the Anderssonian defense policy.

Carl Bildt speaks of the "preeminence of security questions in foreign policy." I agree with him totally, but in my opinion both his writing of history and his foreign policy "program" are extremely meager.

## Masochistic Streak

There is a masochistic streak in the way Carl Bildt and many others discuss the role of defense in security policy. They compare defense spending as a fraction of the GNP in various countries, without saying whether the money is actually used for investments in the military organization or for consumption and wage expenditures.

They point to exotic technologies and look only at the best trained units in other countries. They speak of surprise attacks like a lightning bolt out of the clear blue and forget that something must have gone terribly wrong, politically speaking, if a country in nuclear-age Europe is prepared to go to war.

Thus, there will always be military, but especially political, warnings. The important thing is to be aware of these warnings and react to them.

## Schoolboy Enthusiasm

The masochism is also made manifest by the fact that they only discuss increases in defense spending, but not the defense we already have--our defense policy heritage. We are now capable of mobilizing 850,000 men. We must go to far larger countries to find an air force of similar quality.

We have a civil defense that can only be compared to that of Switzerland. We have a top-notch defense industry that produces 75 to 80 percent of the defense material we need.

In addition, many people often forget what an extremely important role the will to defend one's country and national solidarity have played in times of war. Those who were involved in defense issues during the late 1960's and early 1970's never cease to be amazed, and gladdened, by the involvement, knowledge, and desire that are demonstrated by the inductees of today.

Carl Bildt describes Sweden's foreign policy during the 1970's almost as a result of schoolboy enthusiasm. He speaks ironically of our "activist" policies and says that Sweden should know its place.

#### Important Contribution

Bildt is correct in stating that, in itself, the decibel is not a good unit of measurement in foreign policy. But Swedish neutrality must never mean passivity and isolation. In all situations, we must come to the defense of the principles of international law.

If we silently accept attacks against the principle of the inviolability of boundaries and the principle of national integrity as long as it occurs in other parts of the world--whether it be in Afghanistan, Kampuchea, or Central America--then we erode the strength of our own arguments when we protest against violations of Swedish territory by other countries.

Our efforts at the United Nations, our initiatives in the field of disarmament, our contributions to the ESK process, our assistance to developing countries--all these things show that even a small country can actually make an important contribution and help reconcile differences and mend fences. Carl Bildt simply dismisses all this as a "cascade of foreign policy initiatives."

#### A Moral Question

Our active foreign policy must be seen against the proper historical background. During the late 1960's our security policy rested on stable ground. The Nordic countries were seen as being on the periphery. World trade expanded, growth was considered a given, and the entire Swedish society was internationalized.

We witnessed the downfall of colonialism. Indignation over the Vietnam War and the brutality of apartheid changed the world view of an entire generation of young people. For most people, it was obvious and something of a moral question that solidarity would not stop at our national boundaries.

#### Retain The Vision

Of course, we must analyze security policy reality without blinders. This is the great service rendered by the Defense Committee's security policy report. Still, in the midst of austerity, we must retain our vision and, to the utmost of our ability, contribute to detente, social justice, and the general security.

A resolute Swedish neutrality and security policy in a stable Nordic region is the best precondition for retaining our credibility and being able to conduct an active foreign policy in order to continue working to strengthen international law, promote international cooperation and disarmament at the United Nations, and to support multilateral diplomacy.

Swedish foreign and security policy must never be given the harsh, cynical metallic ring found in Bildt's attempts at writing a foreign policy program. Neither cold cynicism nor naive daydreaming deserve any place in Swedish security policy.

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CSO: 3650/141



## PAPER CRITICIZES LIBERAL PARTY DEFENSE PLAN PROPOSALS

Stockholm SVENSKA DAGBLADET in Swedish 8 Feb 86 p 2

[Editorial: "The Course Is Not Yet Run"]

[Text] All the cards are on the table, now that the Defense Committee has completed its first round of work. The committee is calling on the commander in chief to draw up plans for no fewer than six levels of defense spending for the period of 1987 to 1992. In addition, the Liberal Party wants to know the effects of reducing the number of army units with lower levels of training and of decreasing the number of inductees. In addition, the commander in chief will draw up plans for his own alternative.

There is no objective justification for drawing up six different alternatives for spending that could range from no change in the present level up to an additional 1.4 billion, on average, each year. Considering the cost of modern weapons systems, a cost differential of 200 million kronor is hardly worth a special study. This sum corresponds to the cost of one or two advanced fighter planes.

Instead, it is a question of political cosmetics, especially on the part of the Social Democrats. Examining four levels from no increase up to 600 million annually in additional funds is pure nonsense in the military context. It is not military strength that is at the center of attention, but rather the number of possible political outcomes.

Thus, the abundance of alternatives requested by the Defense Committee should fool no one. In reality, the Defense Committee has set up rather narrow boundaries for the Defense Resolution of 1987. The lowest alternative included in the commander in chief's report for 1985, which would have meant a reduction in defense spending, has now been eliminated. That was expected. No party, other than the Communists, of course, now claims that today's security situation calls for reduced military spending.

The commander in chief's own alternative, which supports a real growth of 3 percent annually, is not advocated by any party representative. At present, the highest level is the 2-percent figure of the Conservative Party which, in terms of hard cash, would mean an increase of about 7 billion over the period covered by the resolution.

Thus, this level has taken on the character of a ceiling for the 1987 resolution. What is more, the political configurations now point to a final result that will be considerably lower than this Conservative Party ceiling. At a press conference on Friday, it appeared that the Liberal Party and the Social Democrats were not particularly far apart.

This is troubling. The last time the Liberal Party and the Social Democrats advocated the same level of defense spending--apart from the four-party agreement in March 1984--was in the spring of 1983. The result was an acute economic crisis within the military.

It could be that the Liberal Party is now somewhat concerned over its own position. The other day, when the Center Party showed its hand, it contained more money and a better plan than that proposed by the Liberal Party.

Proposing the lowest level of all the nonsocialist parties clashes with the overall position of Bengt Westerberg on foreign and security policy issues. If the Liberal Party should agree with the Social Democrats to support the lowest level of spending, it would cause serious damage to the credibility of the Liberals. Sharp words and an eroded defense are not a strong security policy combination.

In the defense debate, SVENSKA DAGBLADET has consistently maintained that, after many years of reductions, the military must now receive a sharp increase in allocations. We have looked at the commander's own alternative--which would simply maintain the present level of our defense--as a floor, rather than a ceiling. From objective considerations, it is easy to advocate additional allocations.

In this context, the preliminary results of the Defense Committee's work is a disappointment. It must be stated, however, that it is moving in the right direction. The parties are now supporting more spending than they were last fall. The government's original directive has now been exceeded by all of the nonsocialist parties and the proposal for reduced spending has been eliminated totally, even by the Social Democrats.

At present, the course has not yet been run. An intensive debate on defense and the widespread call for a stronger defense will not leave the parties unaffected. The defense question is a hot topic and, with the help of all the positive forces, it should be possible to reduce the gap between needs and resources a good bit more.

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CSO: 3650/141

## NAVY STAFF ISSUES DESCRIPTIONS OF SUPPOSED SOVIET MINISUBS

Stockholm DAGENS NYHETER in Swedish 7 Mar 86 p 6

[Article by Anders Ohman: "Naval Staff Pictures: Here Are the Soviet Minisubmarines"; first paragraph is DAGENS NYHETER introduction]

[Text] Twelve different imaginative types of Soviet minisubmarines are in a collection which the Naval Staff has published for the information of its personnel. Most minisubmarines are entirely unknown by the Swedish public.

The Navy does not tie any of the minisubmarines to the submarine incidents which have occurred in Sweden since 1980, in which minisubmarines are suspected to have been involved.

"The Navy has a definite opinion about the minisubmarines which entered Swedish waters. But we will keep that description for ourselves," said Wyn Enquist, staff editor on the Naval Staff.

The 12 minisubmarine pictures, which were published in the latest issue of MARINNYTT, were obtained from the British RECOGNITION JOURNAL, which is published by the British Ministry of Defence.

The minisubmarines are named 11.3 meter India, Skat, Okeanolog (OSA 3-600), Argus, Tinro 2, 29.2 meter Submersible, Pisces, 13.7 meter Elbrus, Sever 2, Modern Sever, 12.1 India and Atlant 2.

The Soviet minisubmarines Soviet Submersibles are sketched. According to the naval staff there are furthermore pictures of most of the models.

#### First Time

The minisubmarines India and Elbrus appeared for the first time in the Western world in connection with the search for the black box in the South Korean passenger plane which was shot down by a Soviet fighter plane. Soviet authorities later said that the passenger plane was a spy plane for the United States.

That was the first time that Western naval experts got to see 13.7 meter Elbrus, which can be compared with the Swedish Navy's submarine rescue craft

URF, built to go down and rescue submarine crews who are trapped down to about 400 meters depth.

For a long time the Naval Staff has been collecting information on Soviet minisubmarines. When the British defense newspaper came out with the article the Naval Staff decided to publish it, with the permission of the British authorities.

#### Important for Witnesses

The Naval Staff does not want to tie any of the minisubmarines with the Swedish submarine incidents.

"One reason why we are keeping important facts to ourselves is so that we can quickly decide whether a submarine witness has seen anything interesting in the water. A small detail can be very revealing," said Wyn Enquist, who illustrated the 1983 report of the Submarine Commission showing what the intruding minisubmarines may have looked like.

Two of the 12 Soviet minisubmarines are especially interesting to the Navy. They are Elbrus and India.

The latest type bears the name of the Soviet submarine class India, which carries minisubmarines on deck. The Soviet Navy says that these minisubmarines are only intended for submarine rescue missions.

#### Space Technology

The Navy's experts calculate that special hull shapes and hull materials are designed to make the minisubmarines capable of resisting underwater detonations of depth charges and mines. They are assumed to have machinery and technology independent of air, designed from their experience in space. This space technology multiplies the endurance of the minisubmarines several fold compared with older more conventional technology.

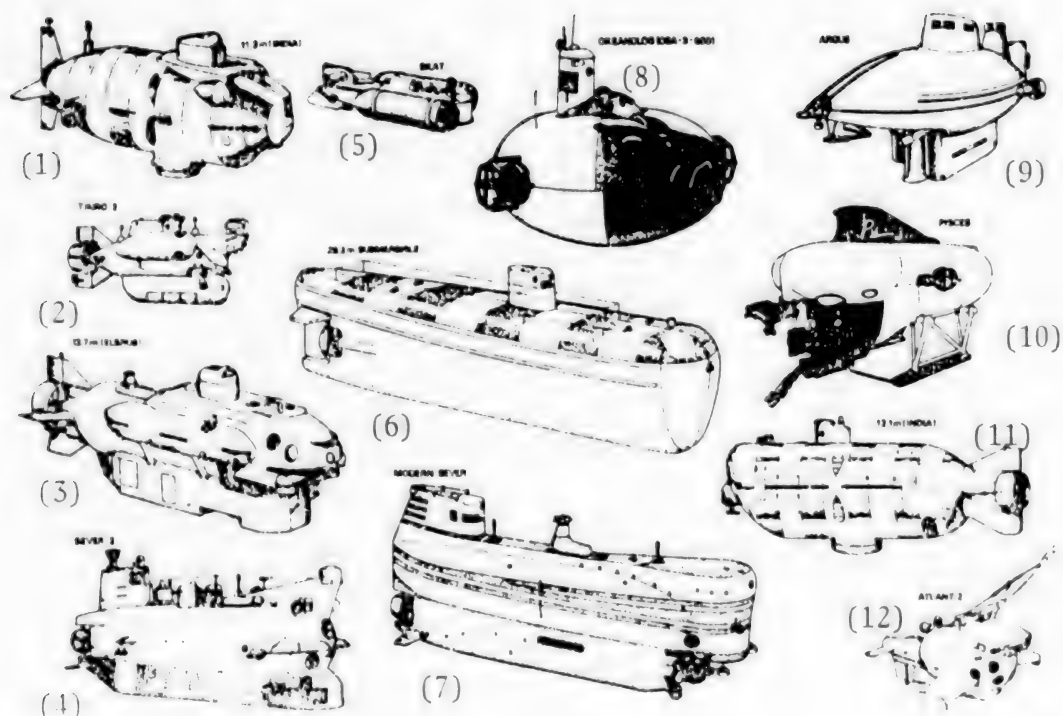
Minisubmarines are assumed to have instruments such as hydrophones, video cameras with intensified lighting and other things. Frogmen or divers are on board. They can move around outside the minisubmarine using smaller diving craft.

#### All the Facts

More facts are published about four of the Soviet minisubmarines. Pisces VII was built in Canada in 1975 and has supports under the hull resembling skis. Length 5.82 meters, beam 3.0 meters, height 3.64 meters, crew 1-3 men.

Sever 2 was built in the Soviet Union in 1969, crew 3-5 men, length 12.0 meters, beam 2.5 meters, height 4.0 meters.

India is 12.1 meters long with 4.2 meters beam. OSA-600, which is egg-shaped, has a diameter of 5.0 meters and a crew of 3.



Caption: This is what Soviet minisubmarines look like according to the newspaper of the Naval Staff, MARINNYTT. They are twelve more or less imaginative variations of minicraft.

Key:

- |                      |                          |
|----------------------|--------------------------|
| 1. 11.3 meter India  | 7. Modern Sever          |
| 2. Tinroz            | 8. Okeanolog (OSA 3-600) |
| 3. 13.7 meter Elbrus | 9. Argus                 |
| 4. Sever 2           | 10. Pisces               |
| 5. Skat              | 11. 12.1 meter India     |
| 6. 29.2 Submersible  | 12. Atlant 2             |

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CSO: 5650, 154



## BRIEFS

SUCCESSFUL AIR RAID ALARM EXERCISE--"Everything went perfectly," the head of the eastern civil defense district, Alex Ryden, told the TT news agency with reference to the air raid alert exercise that was carried out in central Sweden on Monday. Some 50 command centers were manned by around 250 civil defense workers to test routines set up for dealing with enemy air raids. It was the biggest air raid exercise ever conducted in Sweden. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 4 Mar 86 p 6] 6578

CSO: 3650/159

## WORLDWIDE SHIPBUILDING CRISIS IMPACT NOTED

Stockholm DAGENS NYHETER in Swedish 16 Feb 86 p 11

[Article by Stefan Lundberg]

[Text] Helsinki--Finnish shipyards are now standing at the edge of an abyss. This is the unanimous opinion of the industry. Within the next few years, one or more of the nine active shipyards will be closed.

Within 2 or 3 years the shipbuilding industry, which once employed a maximum of 18,000 workers, will employ no more than 10,000 people.

Just over 1 year ago, executive vice president Martin Saarikangas of the large Helsinki shipyard Wartsila was able to brag about how well the Finnish shipbuilding industry was doing, despite the crisis in the Western World.

At that time, everything still looked hopeful.

## Signs On Horizon

Today the optimism has changed to almost endless despair. The leaders of Finnish shipbuilding companies have placed their hope in trade with the Soviet Union, but not even that traditional pillar of support is now giving confidence to Finnish shipbuilders.

Again and again, shipbuilders are returning empty-handed from their trips to Moscow.

"Our crisis cannot be compared to that of Sweden or West Germany, but perhaps we are seeing the same signs here that were seen there during the seventies, unfortunately," said Tapio Forsgren, executive vice president of Finland's Shipbuilding Industry Association.

The Finnish shipbuilders have been outdone by their Western counterparts, whose governments have given them large subsidies. Finland is the only country in Europe where shipbuilding is not subsidized by the state. So far, the shipbuilders have been thankful for that. They believe it would kill the shipbuilding industry if governments stepped in with their subsidies.

"The shipbuilders would hardly turn down the money now," Forsgren said, but he also pointed to unfavorable experiences with subsidies in Sweden and in the EC countries.

"The Western European governments subsidize the shipbuilding industry for military reasons," Forsgren said.

#### Competition From East

The Finns are being hit by something else, however, in addition to the competition from subsidized Western shipbuilders. Eastern Bloc exports to the Soviet Union have increased significantly and the large series of ships Finland could count on selling to the Soviet Union in the past are now being made by Yugoslavian and East German shipyards.

Perhaps the most severe recent blow to the Finnish shipbuilding industry has been from the East. The domestic SF Line recently ordered two passenger ships from Yugoslavia. That country's enormous need for Western currency pushed down the price.

No country can produce ships for that price, according to Forsgren. He added that only a stupid country would place orders abroad in today's situation.

"The rest of the world is laughing at us for this."

Shipbuilders have called on the government to subsidize the shipping companies in cases such as this, in order to cover losses they may incur by ordering their ships here at home.

Trade with the Soviet Union has become more difficult, due to the drop in oil prices. It is becoming more and more difficult for Finland to find new products to import from the Soviet Union as payment for the vessels.

Forsgren also pointed out that the nature of ship sales to the Soviet Union has changed in recent years. The earlier long and labor-intensive series of vessels have now been replaced with advanced ships with high technology that demands more engineering than welding work. That has affected employment levels at shipyards.

#### Icebreakers

Of course, Finnish shipbuilders are also feeling the effects of competition from the "new" shipbuilding countries such as South Korea, Taiwan, India, and Brazil. The Japanese, who have also been frightened by the competition from these countries, have begun to produce more sophisticated ships, thereby becoming even a greater threat to the Finnish shipbuilding industry, which is known for its advanced special products.

Even icebreakers, which have long been Finland's trump card, are no longer safe. The Soviet Union has now ordered the foresection for an icebreaker from West Germany, which is yet another cause of concern for Wartsila and the state-owned Valmet Shipyard.

Forsgren believes it is highly unlikely that the four Finnish companies in the industry, i.e. Wartsila, Valmet, Rauma-Repola, and Hollming, would sit down at the negotiating table and reach an agreement as to which company should take care of which sector in the future.

"They all have their own 'territory' already, but in today's situation they can count on domestic competition, as well," Forsgren said.

"Darwin's Law applies in this industry--only the strong survive."

"It is clear that one or more shipbuilders will go out of business during the next 2 or 3 years. Their capacity will be reduced sharply and, in the best case, the number of workers will be about 10,000 or fewer."

Shipbuilders now employ 14,000 workers in Finland.

#### 'No' To Wartsila From Poland

The Finnish shipbuilder Wartsila will not be permitted to take over one of the four ferries the Stena Line ordered from Poland. Last Friday the Poles rejected the conditions for permitting construction to be completed in Finland. If Wartsila had taken over construction of the ship, the Poles would have been responsible for delivering all the material to Finland on time. Otherwise, Wartsila would have had the right to purchase material in the West and the added costs would have been deducted from Stena's payments to the Polish shipbuilder. After several months of negotiations, the Poles have now rejected the conditions. The ferry was to have been delivered in April 1982. The Poles still want to complete construction of the vessel and are now aiming at a delivery date in late 1987. Stena has brought charges against the Polish shipyard before an international court in Hamburg.

9336

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## SCHOLARS DISPUTE CLAIM NORWAY HAS LITTLE IMPACT ON OIL PRICE

Oslo AFTENPOSTEN in Norwegian 7 Mar 86 p 20

[Op Ed Article by Professor Finn R. Forsund and Researcher Jon Vislie, Institute for Economics, University of Oslo: "Quantity of Norwegian Production Affects Price of Oil"]

[Text] In the course of a few hectic weeks, the world has experienced a rather sharp decline in the price of oil on the world market. The reason is that oil production and therefore the supply of crude oil from countries both inside and outside OPEC have risen quite significantly. A question has been raised in this connection: to what extent has the increase in Norway's oil production affected the fall in prices? The government has claimed that regardless of how much oil we decide to extract from the Norwegian continental shelf it will be little more than the proverbial drop in the ocean. We are not certain that this is true.

The argument that one is small and exerts no influence only holds true if the world's oil market can be characterized as a market of nearly perfect competition with many buyers and sellers. But the market for crude oil is a far more complicated market, where OPEC normally acts as price leader while an unorganized wing of competitors--to which it must be said that Norway belongs--adjusts to the price OPEC has settled on. At the same time, every participant in a cartel, whose success rests on cooperation to limit production, will constantly be tempted to sell more than its quota because the price is high. (Norwegian oil production is guided by precisely the same motive.) Saudi Arabia, the leader of OPEC, has tried all along to limit total oil production in order to keep the price of oil high. When disagreements arise within OPEC and the cartel begins to crack as a result, strategic considerations will dominate to a much greater degree. In our opinion, this is precisely what has happened in recent times. Even though Norway's share of the market is just slightly more than 1 percent, it is not this figure alone which is of interest, but how quickly it grows. Oil production in Norway has now increased so much that our share of the market has actually expanded in recent times, and this is the fact on which we must base our understanding of OPEC's conduct. Last autumn, OPEC leveled a threat at the Norwegian oil authorities: if Norway did not reduce its production of oil, OPEC would increase its own output and--as we have seen--the price of oil would consequently drop. (Saudi Arabia has in fact recently doubled its oil production, but still only one-third of capacity has been exploited.) This threat was clearly understood as unreliable by persons closely connected to the government. The argument



ran thus: OPEC itself would lose so much through a price cut that the threat would not have been made if OPEC could land in a situation where the threat would be carried out. Without overindulging in hindsight, we must be permitted to say that this attitude reflects an inadequate knowledge of OPEC's internal affairs. But perhaps the most important thing is not the actual reliability of OPEC's threat but the possible lack of trustworthiness displayed by Kare Kristiansen to the OPEC leaders. Early in the game, after insistent requests by OPEC, Kristiansen asserted that Norway would not increase its rate of output. Later on, precisely the opposite occurred. What such a circumvention of the truth may have provoked would, of course, be speculation, but in a strategic contest like the one we have recently experienced, it is never an advantage to be caught with your pants down. The government's claim that the increase in Norway's oil production cannot be responsible for the drop in oil prices must therefore be taken with a large grain of salt.

### Consequences for Sale of Gas

There is, however, another aspect of the oil price drop which maybe deserves greater attention than speculation about who must bear the "blame" for the price fall, namely, how significant the oil price drop will be for Norway's chances of signing contracts for future deliveries of natural gas. Since gas and oil are competitive items of consumption, a lower oil price will make potential buyers less inclined, at this stage, to enter into long-term contracts for gas. In anticipation of the inevitable decline in the price of gas, buyers will be motivated to postpone entering into such contracts. (Natural gas is not sold on traditional markets but as the result of bilateral negotiations.)

We now know that gas deposits make up roughly two-thirds of the total oil and gas reserves in the North Sea. In a few years we will have to depend more or less on the revenue we receive from the sale of natural gas, because oil operations will gradually be reduced. Since the gas contracts which are being negotiated today will not go into effect for 10-15 years, Norway could risk the loss of substantial revenue if such contracts are not concluded.

It is no use for Norwegian authorities to stick their heads in the sand, ostrich style, and pretend that the volume of our oil production has no impact on oil prices. We must pose questions about which strategy Norway now wishes to pursue. There are two such strategies, a high-price strategy and a low-price strategy. In a high-price strategy, Norway must give honest signals of quantitative reductions in order to establish an authentic relationship with OPEC. (Such an authentic signal would be to beat England to the punch by reducing oil output.) In a low-price strategy, Norway's motive must be OPEC's collapse, so as to satisfy the major net importers of oil like West Germany and Japan. The choice of strategy must be made on the basis of what will serve Norway best over the long haul, especially with respect to our future revenue from gas sales. Lack of a strategy will result in our falling between two stools.

12327

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## CENTRAL BANK REINFORCES WARNINGS ON OIL PRICE EFFECTS

Oslo AFTENPOSTEN in Norwegian 7 Mar 86 p 39

[Article: "Norway Will Have Deficit of 20 Billion; Oil Price at 100 Kroner Per Barrel"]

[Text] The Bank of Norway issues stronger and stronger warnings about the way the Norwegian economy is developing. With an oil price of 100 kroner per barrel, we will have a foreign trade deficit of 20 billion kroner this year, a considerable dropoff from last year's trade surplus of 26 billion kroner. The state budget will also be drawn up with a deficit for the first time since 1978, and estimates offered by the bank in the next issue of Penger og Kreditt show that the deficit may be between 5 and 10 billion kroner.

The bank also points out that 1986 will be characterized by continued strong pressure on the Norwegian economy. The bank's leading indicator of future trends points toward stagnation on account of foreign trade. It is too early to say, however, whether a turnaround will occur. The short-term summarizing indicator shows continued strong growth in the Norwegian economy.

"Even if we have a market turnaround, the pressure on the Norwegian economy will ease only slightly during the second half of the year. The wage trend during the fourth quarter of 1985 also shows that our expenditures per produced unit in industry increased by 0.5 percent from 1984 to 1985, and this is a stronger setback than previously expected," said central bank president Hermod Skanland at a press conference in connection with the upcoming issue of Penger og Kreditt.

The Bank of Norway calculates that the increase in prices may be 0.5 percent lower than previously assumed, depending on the retrenchment measures which the government has warned of. The central bank is now counting on a price increase of 5.0-5.5 percent, but we will continue to have a stronger price increase than our competitors. Skanland repeated his warnings at a meeting of the council of the Bank of Norway and stressed the need for a tighter fiscal policy and for changes in the tax system and in capital-transfer arrangements.

12327

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## STUDY INDICATES POPULATION TO DECLINE AFTER 2010

Oslo AFTENPOSTEN in Norwegian 7 Mar 86 p 14

[Article by Elisabeth Sem Christensen: "Population Figures Up to Year 2050: Most Norwegians in 2010"]

[Text] Norway will reach its population peak in the year 2010. In all likelihood, there will then be 4,346,000 of us Norwegians, believe the researchers behind the latest demographic survey from the Central Statistical Bureau. After that, the population figure will gradually dwindle. But the decline would have begun earlier and more dramatically if it had not been for immigration. The researchers estimate that 4,000 new immigrants from all corners of the world will come to Norway each year.

For the first time, the Central Statistical Bureau has gone out and estimated the population all the way up until the year 2050. Then there will probably be 3.9 million of us, or two hundred thousand fewer than today, says senior consultant Arne Rideng. It is the present day's low birthrate, 1.66 children per woman on the average, which "transmits" itself to the next generation in such a way that there will be fewer women to give birth.

But the contribution to the population varies a great deal from one part of the country to the next. In the Agder counties and in Rogaland the women give birth to an average of 2.1 children, while Oslo's contribution is 1.4 children per woman.

It is first and foremost people in "midlife" who will leave their mark on the Norwegian population in the years to come. Those between 25 and 55 years of age will be most visible, even though the number of retirees will also increase slightly. But this tendency will soon level off, and by the first decade of the next century we will get a reinforced wave of elderly people. That is when the postwar children from the big baby boom finally become adults.

"According to our calculations, those between 50 and 70 years of age will constitute the largest demographic group in the year 2025. This has never happened before in history," says Rideng.

Yet during the next 20 years we will notice an increase in the number of "very elderly," those over 80 years of age. There were 140,000 Norwegians who had

reached this impressive age in 1985. In the year 2005, there will probably be 216,000 persons who have celebrated their 80th birthday!

The figures from the Central Statistical Bureau tell us that two out of three persons over 80 years of age are women despite the fact that 106 boys are born for every 100 girls. But the majority of retirees are females. Today a newborn girl can count on living until she is 79.5 years of age, a boy until he is 72.7.

#### Population Down in North

1985 was the second consecutive year to show a catastrophic decline in population in northern Norway. The figures as of 1 October were available on Wednesday in the Central Statistical Bureau, and they make somber reading for northern Norwegian planners and politicians, reports HARSTAD TIDENDE.

In 1984, there was an outcry when the population in that part of the country decreased for the first time in several years. The 1985 figures now show that the negative trend has not been reversed. On the contrary, the decline appears to be intensifying.

The preliminary figures indicate that 242,722 persons lived in northern Norway on 1 October of last year, and this is a decrease of 1,312 persons from 1 October 1984. With 146,739 persons, Troms showed a decline of 299, and in Finnmark the figure was reduced by 1,124 to 75,762 persons. Altogether, the preliminary statistics indicate a population decline of 2,735 persons.

12327

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## EXPORTS TO SOUTH AFRICA DECLINED IN 1985

Stockholm SVENSKA DAGBLADET in Swedish 7 Mar 86 p 33

[Article by Ewa Stenberg]

[Text] Sweden's trade with South Africa is declining. Exports fell sharply in 1985 compared to 1984, but imports rose slightly.

New figures from the Central Bureau of Statistics show that in 1985 Sweden sold goods worth 981 million kronor to South Africa, a decline of 38 percent compared to 1984. At the same time imports rose from 338 million kronor in 1984 to 412 million in 1985, an increase of 6.2 percent. Thus South Africa accounts for 0.17 percent of our total imports and sales to that country account for 0.38 percent of our total exports. The export percentage is the lowest it has been in this decade.

Although Sweden's trade with South Africa involves only small fractions, it is very controversial. A debate raged in 1985 over conditions in South Africa and Sweden's economic ties with that country. There has been a consumer boycott.

Lars Hult of the Committee to Isolate South Africa stressed the political pressure as one of the reasons for the decline in trade:

"It looks as if our pressure and the government's recommendation to stop trading with South Africa have produced results. At the same time we must not forget that the decline of the South African rand made imports cheaper, so that in terms of volume imports may have increased more than 6.2 percent," he said.

Olle Wanerby of SKF, one of the Swedish firms exporting goods to South Africa, stressed other factors:

"SKF's exports have also declined by around 38 percent. Most of the decline can be attributed to the declining South African economy and the effects of changes in the exchange rate."

The biggest product groups Sweden exports to South Africa are machinery and transportation equipment, steel, chemical products and paper products.



The biggest import items are food and agricultural products, iron, steel, metals and ore. The food group will probably disappear from the statistics following the ban on importing agricultural products which went into effect on 1 January. Sweden's dependence on South African metals is being studied by the Swedish Board of Commerce and this is the group that accounted for the import increase in 1985. Ore imports rose 350 percent to a value of 36 million kronor. Imports of iron, steel and ferroalloys rose 26 percent to 139 million kronor.

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## BRIEFS

RECORD LARGE TRADE SURPLUS--There was a record surplus in Swedish foreign trade, 3.5 billion kronor in the month of February, according to the preliminary figures from the Central Bureau of Statistics. Last February the surplus was 0.5 billion kronor for that month and 2 years ago there was a surplus of 3.0 billion kronor. Exports in February added up to 21.2 billion kronor (a gain of 9 percent) while imports declined by 7 percent to 17.7 billion kronor. According to the Central Bureau of Statistics the main reason for the big decline in imports was falling oil prices along with a reduction of the amount of oil imported. So far this year foreign trade has produced a surplus of 4.8 billion kronor compared to a surplus of 0.6 billion kronor last year. [Text] [Stockholm DAGENS NYHETER in Swedish 15 Mar 86 p 3] 6578

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## STATOIL INCOME IN 1985 MAY REMAIN RECORD FOR LONG TIME

Oslo AFTENPOSTEN in Norwegian 7 Mar 86 p 32

[Article by Morten Woldsdal: "Statoil Sales Over 50 Billion; 1985 May Stand as Record Year"]

[Text] Stavanger, 6 March--Statoil has become the first Norwegian enterprise to surpass 50 billion kroner in annual sales. Last year was a new record year for the state oil company, which increased its working revenue by more than 44 percent and nearly doubled its profits over 1984. The dollar exchange rate and the low price of oil mean, however, that 1985 may stand as Statoil's record year for many years to come. A significant drop in revenue is expected as early as 1986. The drop may be as much as 15 billion kroner.

The working revenue of the state oil company reached 51.4 billion kroner last year, as opposed to 35.6 billion in 1984. Statoil thereby fortified its position as Norway's unquestionably largest enterprise, with 10 billion kroner more in sales than number two, Norsk Hydro. The company's sales have doubled since 1983.

Investments declined from 14.2 billion kroner in 1984 to 7.7 billion last year. This is due to the fact that the State--through its direct involvement in oil operations--has taken over a share of the investments.

#### Profits Doubled

Profits before the annual settlement of accounts were 15.2 billion kroner in 1985, while the figure was 7.7 billion during the year prior to that. Profits were 13 billion before taxes, as compared with 6.8 billion in 1984. Last year Statoil paid 83.9 percent in taxes, which corresponds to 11 billion kroner, as opposed to 5.7 billion in 1984.

Last year, according to commercial director Jacob Oxnevad, Statoil paid just as much in taxes as all personal taxpayers paid in income and property taxes. The company's tax payments have nearly doubled since 1984. During the last 4 years, Statoil has paid 26 billion kroner in taxes, which corresponds to 6,000 kroner per inhabitant of Norway.

Statoil's net profit was 2.2 billion kroner, which is an increase of over 1 billion. Dividends to the State are 1.1 billion kroner, which corresponds to

31 percent. Oxnevad said at a press conference in Stavanger that in 4 years Statoil has paid out to the State in dividends a sum at least as large as the total share capital in the company at 2.9 billion kroner.

#### Exports

Jacob Oxnevad said that Statoil is first and foremost an export firm. Three quarters of its revenue--or 38 billion kroner--comes from sales to foreign countries. Statoil's supply of crude oil was approximately 16 million tons last year, while gas production was close to 800 million cubic meters.

The main reason for Statoil's record figure is the high production of crude oil in the Statfjord field, combined with the average high dollar exchange rate in 1985. Oil production was up 20 percent over the 1984 figures. Also included in the balance sheet for last year is the activity of Swedish Esso, which Statoil formally overtook just prior to July of last year. Roughly 7 billion of the 51.4 billion kroner in sales stem from operations in Sweden. Swedish Esso had a profit of about 200 million kroner before the annual settlement of accounts.

In light of a sinking dollar exchange rate and modification of the tax rules, Statoil has included in its revenue 1.5 billion kroner in unrealized currency profits on long-term loans.

Today the Statoil concern has more than 7,000 employees, approximately 1,200 of whom are in Sweden.

"We are extremely pleased. 1985 will stand as a very, very good year in Statoil's history," said Oxnevad. Neither he nor administrative director Arve Johnsen wanted to discuss further the prospects for 1986 in view of the recent decline in the price of oil and the dollar exchange rate. Arve Johnsen was only willing to say here that "1986 will not be as good as 1985."

#### Lower Sales

AFTENPOSTEN has learned that Statoil assumes this year's sales could be up to 15 billion kroner lower than last year's. For every dollar the price of oil declines, Statoil's revenue is reduced by roughly a billion kroner on a yearly basis. And if the dollar exchange rate dwindles by one krone, revenue sinks by 3-5 billion kroner a year.

An average price of \$27.50-28.00 per barrel of oil and a dollar exchange rate of approximately 8.60 kroner lie behind last year's record sales of 51.4 billion kroner. If the average oil price in 1986 turns out to be \$17-18 a barrel, it would mean a revenue drop of 10 billion kroner over last year. There is much to suggest that this year's oil price will be even lower than that. Should the dollar exchange rate settle at an average of 7 kroner for the rest of the year, Statoil's revenue would decrease by an additional 5-6 billion kroner, measured against last year. Altogether, this yields a revenue decline somewhere on the order of 15 billion kroner.

On the plus side, however, is the fact that Statoil counts on increased production of crude oil this year, from 16 million tons last year to 18-19 million in 1986. The main reason for this is that the Statfjord C-platform now operates year-round, as opposed to just half a year in 1985. This year Statoil will likewise receive an entire year's revenue from the Statpipe system. The Heimdal and Ula fields are also entered on the credit side, in contrast to last year.

But despite all this, Statoil may once again settle at the 30 billion figure for sales if the price of oil and the exchange rate of the dollar remain low for the rest of the year.

#### No Surprise

Arve Johnsen said that the outlook for 1986 will have no effect on the Statoil organization in the short run. He did not want to say anything about what would happen in the years after 1986. "There is no use trying to guess how the oil market will develop," he said. Johnsen emphasized, however, that the company has prepared itself for the drop in oil prices. "This didn't hit us like a bolt out of the blue," he said. But the Statoil chief admitted that today's oil prices were probably lower than anyone had expected.

To the question of whether the revenue shortfall will affect the company's exploratory activity, he answers: "That would be the same as eating up the seed potatoes." Johnsen pointed out that it will be a long time before any exploratory activity occurs. However, he did not rule out that in the days ahead it would be hard to get other oil companies to participate in new drillings. According to him, the first signals have already been received from cooperative society members in licenses for which Statoil is the operator. He reiterated that in this way "the wheat would be separated from the chaff" in future Norwegian oil activity.

Jacob Oxnevad informed us that during the next 5 years Statoil will more than double its crude oil production to over 30 million tons a year. He warned that the company would concentrate to a greater and greater degree on selling crude oil outside Europe. The biggest increase in the sale of crude oil will be outside Europe, particularly in the United States. He did not rule out that the company might make new "Esso purchases" abroad, but it would probably happen in Europe and hardly, for example, in the United States.

As Statoil's quantity of oil products increases, the company may also sell more products to other oil companies instead of selling them through its own marketing apparatus.

12327

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## STATOIL STUDY: ELECTRIC POWER GENERATION FROM GAS FEASIBLE

Oslo AFTENPOSTEN in Norwegian 7 Mar 86 p 50

[Article: "Electric Power From Haltenbanken Gas?"]

[Text] Stavanger, 6 March--A power plant which runs on gas from the fields in Haltenbanken may deliver electric power as early as 1995, according to Statoil. Such a gas-fired power plant will be able to produce 2.5-5.0 billion kilowatt-hours a year.

Since October of last year, Statoil and the Norwegian Watercourse and Electricity Service (NVE) have discussed the possibility of using natural gas for the generation of power. A report has now been sent to the Ministry of Oil and Energy.

Statoil and NVE have entered into an agreement to collaborate on the preparation of a prototype for such a power plant. The work will be finished by the end of 1986.

Henrik Ager-Hanssen, Statoil's assistant administrative director, said at a press conference on Thursday that the coast of central Norway is nowadays the most suitable region for placement of a gas-fired power plant. In that case, it will run on gas from Haltenbanken. It will take 0.5-1.0 billion cubic meters of gas to generate 2.5-5.0 billion kilowatt-hours a year.

According to NVE and Statoil, it will be necessary to bring in heat power as a supplement to further development of hydroelectric power as early as the beginning or the middle of the 1990s. Gas power is seen as an interesting alternative to coal-fired heat power and nuclear power, on the assumption that gas prices are not too high. In terms of expenses, gas power will also be able to compete with some of the remaining facilities for hydroelectric power.

Ager-Hanssen said that the production of gas power for export is a possibility which ought to be discussed in greater detail.

12327

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## ENERGY MINISTER ON FUTURE USE TRENDS, GOVERNMENT POLICY

Stockholm DAGENS NYHETER in Swedish 14 Mar 86 p 3

[Op Ed Article by Energy Minister Birgitta Dahl: "All New Electricity Will Cost More"; first paragraph is DAGFNS NYHETER introduction]

[Text] The only way to maintain our low electricity prices is to use electricity rationally, with the emphasis on economizing on consumption and increasing efficiency. This seems to upset a lot of people in industry to the point where they copy Lars Nabseth and start alarming the public with talk of electricity rationing and the need for new electricity production. But electric power will be more expensive even with more nuclear power, according to Energy Minister Birgitta Dahl.

The electricity use policy approved by Riksdag is based on the assumption that we will continue to have broad access to cheap electricity for a long time to come but that the availability of electricity will be more limited in the future. Therefore in the long run electricity should be reserved for the areas where it is hard to provide alternate sources of energy. Industry's need for cheap electricity should be given a high priority.

This electricity use policy still stands. But in this areas, as is the case with regard to energy policy in general, we find ourselves in a new situation, although the circumstances are different. While total energy use has declined, the consumption of electricity is rising rapidly. The big surplus of electricity that we saw just a few years ago no longer exists. In recent years electricity consumption has increased by around 10 TWh a year, corresponding to a 10 percent increase annually. If demand increases by more than 1-2 percent a year for the rest of the 1980's, we will very soon reach the limit of the electricity that can be produced cheaply.

Why is this the case? The reason why our electricity is so cheap is that it has a large base of cheap older waterpower. If this balance is disturbed, there will inevitably be sharp increases in the cost of electricity. New electricity production, whether it is based on coal, nuclear energy or wind-power, cannot come close to the average cost of operating present facilities. There are also figures that show that new nuclear power would be just as expensive as coal-fired electricity production, for example. Thus any expansion of electricity production would involve higher costs than those in

effect for the production plants already in existence. Electric power would be more expensive even if we were allowed to build new nuclear power plants in Sweden.

Or to put it another way, it is not the decision to phase out nuclear power that has led to the threat of much higher electricity prices, a weakened economy and a lessening of competitiveness. The threat comes instead from those who want to change our electricity production system so that less of our electricity comes from the cheap old area of waterpower. Such a situation will occur if we allow our electricity consumption to increase as it has up to now.

Thus it is a fact that almost every conceivable form of expansion involves costs that would increase the price of electricity. We are beginning to reach the limit of the electricity that can be produced in Sweden for a reasonable price. One can draw several conclusions from this. The most important is that we must try to meet the future demand for electricity with the existing power production system if we want to maintain our low electricity prices. Rising demand must be attacked from the consumption side. There is no reason to discuss expansions that involve big environmental sacrifices and high costs, such as more waterpower or coal-fired plants, until we have exhausted all the economically feasible opportunities to economize on consumption and increase efficiency.

The executive director of the Industrial League, Lars Nabseth, wrote in an article (DAGENS NYHETER, 6 March) of a future electricity consumption of as much as 160 TWh a year. I would like to use that figure as the basis for a description of the consequences that such a high consumption of electricity would have with regard to the environment and the economy.

To begin with it would mean that all untouched rivers and the remaining untouched portions of rivers already in use would have to be used for production with all that involves of difficult conflicts and environmental damage. But that would not be enough. We would also have to build big new production facilities for coal- and oil-fired electricity production, facilities that would produce a lot of pollution and sharply increase electricity prices. This in turn would be expensive for industry. Even if we built new nuclear power plants we would not avoid large increases in the price of electricity.

It is an indisputable fact that any alternative we choose with the exception of waterpower and economizing on use will double the price of electricity compared to the current level. Out of respect for democracy and for decisions that have already been made, we are firmly resolved to stand by the decision to phase out nuclear power. We want to avoid coal- and oil-fired plants for environmental reasons as well as because they are too costly. With regard to untouched rivers we have not abandoned the basic viewpoint that led us to decide that power plants should not be built there. The steadily increasing availability of cheap electricity that some business people are dreaming about does not exist in reality. The only way to maintain our low electricity prices is to pursue a responsible electricity use policy based on economizing on consumption and increasing efficiency.

These facts seem to disturb some people in industry to the point where, like Nabseth, they have already started alarming people with their talk of rationing electricity and the need for new electricity production.

For decades industry has been accustomed to having access to the cheapest electricity in the world, with steadily increasing amounts available. Industry has made good use of this situation as a competitive advantage. Our low electricity rates have undoubtedly meant a lot for the success of Swedish industry in international markets. But while consumption of electricity has risen steadily, the possibilities for cheap new production have been exhausted.

Now that we are approaching the limit for the production of cheap electricity many people apparently refuse to face the fact. Of course this is not good news for those who have been used to living with and depending on unlimited supplies at low prices. That is why we now see certain industrial representatives trying to assign the responsibility to others instead of acting rationally in their own interest. They claim this is the government's fault. The government must change its policy and start expanding electricity production capacity. Suddenly the market economy's laws of supply and demand seem to have been repealed.

The government has said repeatedly that a high priority should be given to the needs of industry and that cheap electricity should be reserved for industry. We stand behind that promise. But the principle of cheap electricity for industry should not be abused. Industry must also assume responsibility for conserving resources and protecting the environment in its use of energy.

Ultimately this is a question of trust. The government was given its responsibilities by the citizens of the country. Thus the government has an obligation to protect the mutual interests of all citizens, not just those of certain special interest groups. In order to retain the trust of the citizens the government must pursue a consistent and credible policy.

But industry must also protect its own reputation. So far the citizens have accepted the subsidizing of heavy industry through tax rebates on electricity. But now industrial representatives are asking citizens to back their demand for continued access to cheap electricity in the future even if this costs billions in subsidies and requires big environmental sacrifices.

Industry's proposals for a kind of value-added tax on electricity and a sharp increase in electricity production mean that huge costs would be imposed on electricity consumers so that companies can continue to live a protected and wasteful life with cheap electricity.

However industry's situation is far from being as hopeless as some of its representatives claim.

In the first place there is a large potential supply of electricity that is currently used for heating purposes in both the industrial and residential



sectors. In line with earlier decisions we have used the cheap electricity currently at our disposal--in the 1980's and 1990's--to cover the first phase of finding replacements for oil. The next step, which was also anticipated in earlier decisions, is to replace the use of electricity as much as possible through economy measures and new technology. In this way we can offset half the electricity produced by nuclear power. This in turn means that electricity can be guaranteed for specific needs, such as industrial needs.

In the second place, natural gas could play a big role in both heating and industrial processes. Natural gas is currently being introduced in southern and western Sweden.

In the third place there is still a large potential when it comes to economizing and improving efficiency in industry.

We are now working on the implementation of the Riksdag decision on energy policy. The government, industry, environmentalists, municipal leaders and responsible authorities should join forces to complete the work of phasing out nuclear power and laying the foundation for the energy system of the future. The Energy Council offers a good forum for such cooperation. I also intend to ask industrial representatives to take part in more deliberations on these matters.

If we succeed in accomplishing the tasks ahead of us it will mean a lot for confidence in the possibilities of democracy, research and technology that we can deal with the problems of the modern industrial society. In this way the energy system can also regain its position as a symbol of development and prosperity. Important results have already been achieved along these lines.

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